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The CREDIT WORLD

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Official Notice

To All Members of the National Retail Credit Association:

You are hereby notified that the 46th Annual International Consumer Credit Conference of the National Retail Credit Association will be held in the city of Chicago, Illinois, June 5, 6, 7, 8, and 9, 1960, for the election of officers and six directors-at-large; and the ratification of the directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

Officers Whose Terms Expire:

President, David K. Blair, San Francisco, California; First Vice President, Earle A. Nirmaier, Newark, New Jersey; Second Vice President, L. A. Brumbaugh, Phoenix, Arizona; and Third Vice President, Carl A. Kilgas, Los Angeles, California.

Director's Terms Expiring in 1960:

The terms of the directors for Districts 8, 9, 10, 11, and 12 and six directors-at-large expire at the Conference. The directors elected by Districts 8, 9, 10, 11, and 12 will be ratified and installed for two-year terms and six directors-at-large will be elected and installed for two-year terms.

WILLIAM H. BLAKE
Executive Vice President

Attest
ARTHUR H. HERT
Secretary-Treasurer

editorial

Command Performance

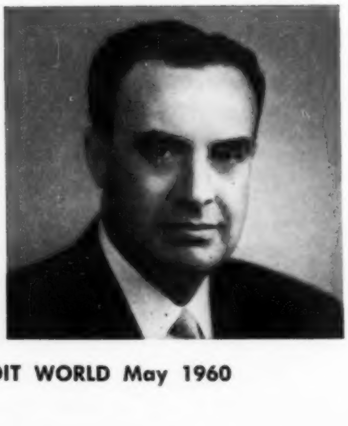
"ONE CANNOT command without control, and one cannot control without communications. Without adequate communications, all I command is my desk," stated General Thomas S. Power, Commander in Chief, Supreme Allied Command.

This comment puts into focus the necessity for key credit executives to have at hand all of the facts if they are to have administrative control.

Today's credit sales manager, like a field general, is a professionally trained executive. He is continually called upon to pass judgment based upon instantaneous communications. He must be confident of his facts, for his company's success depends upon these decisions.

In our fast moving business world, the credit sales manager turns to the credit bureau as his instantaneous source of information. The alert executive, through the use of bureau services, is able to command his operations and make wise decisions which usually results in larger credit sales volume with fewer losses.

William H. Blake
Executive Vice President
National Retail Credit Association



A GROWING NEED FOR LEGISLATION AGAINST CREDIT CARD ABUSE

ARTHUR F. WHITE
Credit Correspondent
St. Clair Refining Company
Atlanta, Georgia

NEVER BEFORE in our financial history has business so aggressively sought out the consumer on a credit basis. The modern tool is the credit card, an instrument which permits the authorized holder to procure goods or services on the credit of the issuing company. Almost without exception, every major organization is actively engaged in promoting its own variety. The battle is so intense that few individuals have a wallet large enough to hold all the cards that are being showered upon them and the extent to which these cards will ultimately be used has yet to be determined. *Saturday Evening Post* recently quipped: "Today, when people find that money can't buy everything, they start using credit cards," and startingly enough, this may prove to be a fairly accurate prediction.

Newspapers, magazines and various trade publications have all featured articles characterizing the credit card craze sweeping the nation and in the midst of this trend, one might stop and pose the question, "which came first, credit or the card?." Obviously credit, but the history of credit cards dates back well over half a century. Perhaps the earliest version was the "Traveletter System" sponsored by Edgar A. Walz through his Hotel Credit Letter Company organized in 1894.[1] Mr. Walz did not issue a card, rather a letter, somewhat similar to the modern Letter of Credit, but comparable in usage to credit cards of today. The system was widely acclaimed by business executives and salesmen who found Traveletter convenient for travel and lodging expenditures.

In the early 1930's, the petroleum industry began pioneering the field by issuing the first cards designed for widespread consumer use. The original cards could be used to purchase gasoline and lubricating specialties, though in recent years usage has been expanded to include tires, batteries, and other automotive accessories. Today there are about 110 oil companies marketing their own products, and of this number 85 per cent extend credit through the medium of their own credit cards.[2] It has been estimated that at least 12 of these companies have over 1,000,000 accounts each in this area and total industry representation reflects over 49,000,000 cards in circulation.

The degree of initial success enjoyed by the petroleum industry in using the credit card to stimulate sales and facilitate brand loyalty began to

[1] L. E. Bermont, "Credit Card Magic in Today's Economy," *Credit and Financial Management*, June, 1959, p. 18.
[2] Merle Blakely, "Where Credit Card Buying Is Headed," *Oil and Gas Journal*, September 14, 1959, p. 63

attract other organizations to this system. Local department stores set up their "Charg-a-plate" service, later replaced by the plastic charge card. National department store chains developed similar services. The Sears-Roebuck "Revolving Charge Account" is one example, Macy's "Flex-a-Charge" is another. Here, the cards are issued on a local level with repayment terms generally concurrent to local demand. American Telephone and Telegraph established and circulated the "Bell System Credit Card." Avis-Rent-a-Car and Hertz-Rent-a-Car distributed their cards, though they both reserved the right to honor other cards applicable in usage. The Retail Travel Credit Agency recently reported over 300,000 cards in circulation, and as late as October of last year, The Diners Club reported over 1.25 million cards carrying members.[3]

Growth and popularity of the credit card, as well as credit, per se, received its biggest impetus in 1955, with the endorsement of the banker. For years banking institutions maintained a conservative outlook on consumer credit extension; and suddenly, auto financing was available on terms of 36 months; The First National Bank of Boston introduced their "Check-Credit Plan," closely followed by the First National Bank of Texas. Several years later, The Girard Trust Corn Exchange Bank of Philadelphia[4] introduced "Charge Rite," and the First Pennsylvania Banking and Trust Company, their "Ready Money Plan." The Bank of America, the Chase-Manhattan Bank of New York, and the Citizens and Southern Bank of Atlanta developed particularly inviting credit card programs, whereby participants of the plan receive a bank credit card which can be used for purchases from member merchants. Today, over 200 banks have reported credit plans of one type or another which permit member participation on signature alone. While it is true that the majority of this number issue credit checks rather than cards, their approval of the system has had immeasurable effect, for the ceiling has been lifted, and the sky is now the limit on credit card expansion.

In the latter part of 1957 and the early months of 1958, two giants entered the field. The Hilton Hotel Chain sponsored their "Carte Blanche" credit card system, and American Express issued their own cards. October, 1959, saw a prediction by the Seaboard Finance Company that their "International" credit card program would be in full swing by the first of the year, and Universal Air Travel another relative newcomer, anticipates accounts in excess of 800,000 by January of 1960.

It is difficult to accurately measure the total number of credit cards in circulation today for many organizations are non-committal as to their exact status. Experts in the field, however, have estimated that, excluding the petroleum industry, there are about 7 million cards outstanding. This figure, coupled with the 49 million plus oil company cards, reveals a rather astronomical number of cards in circulation, specifically so in comparison to the number of family units in this country. The Bureau of Census anticipates about 64 million for 1960. This indicates that credit card expansion will soon enjoy a representation by number equivalent to one card per family. The Table, as follows, shows approximate card circulation in comparison with estimated number of family units.

APPROXIMATE NUMBER OF CREDIT CARDS IN CIRCULATION

Organization	*Cards*
Petroleum Industry	49.00 million
American Telephone and Telegraph	1.50 million
Bank of America	1.50 million
Diner's Club	1.25 million
Hilton Hotel Chain	1.00 million
American Express	.75 million
Miscellaneous (Includes various banking plans, local and national department stores and others)	1.00 million
Total number of cards	56.00 million
Total U. S. family units	64.00 million[5]
Per cent of cards to family units	87.50 million

Liberal credit and the wide acceptance and use of the credit card has proven to be one of the greatest stimulus to increasing sales yet discovered. It has provided industry with a basis for mass production and has enabled the consumer to purchase and enjoy durables which otherwise would be unobtainable; yet here, as in other areas, there is a small segment of our population inclined to abuse this facility.

In recent months captions have appeared in newspapers, magazines, and trade publications which reflect both the popularity of the credit card and the abuse this medium is subject to: "America Goes Credit Card Happy," "A Credit Card Craze Is Sweeping the Nation," "Credit Cards for Everything";—and then—"19 Year Old New York Boy Spends $10,000 in One Month on Credit Card," "46 Year Old Baltimore Man Spends $50,000 With Credit Cards," and "73-a-Week New York Clerk Goes on Credit Card Spree."

Life magazine recently carried the story of a 19-year-old, who armed with one Hilton Carte Blanche credit card, ran up charges in excess of $10,000 in a period of less than 30 days. Use of the card covered hotel accommodations in this country, Cuba and Canada, air travel between, and various luxury purchases. The card was also used as identification to cash several sizable checks.

A few weeks later, the nation's press carried a story of a 46-year-old Baltimore man who had collected quite an array of cerdit cards and then used them to finance a two and one-half year spree of night clubbing, expensive hotels, and travel.[6]

In October, the Merchants Credit Association, through their *Credit Reporter* revealed the story of a $73-a-week New York clerk who used his bank credit card to procure a Hilton card. With the latter, this party immediately engaged expensive hotel accommodations. Later he traveled to Montreal, Las Vegas, Miami and Havana. In Miami, a hotel clerk recovered the card, but this did not curb the spree, for armed with a receipt from a prior purchase, the culprit traveled to Havana, gave a story of having lost his card, and used the receipt for hotel expenses as well as identification to cash an $850 check.[7]

Last fall, a Canadian newspaper published the details on a Canadian group who set up a printing plant to duplicate credit cards issued by the Diner's Club. The counterfeit cards were then distributed among members of the group. While the Diner's Club did not suffer any serious financial losses, several Canadian banks were involved for over $250,000 in bad checks.

These examples portray only the extreme and do not begin to reveal the countless number of petty abuses which occur daily. Seldom do the minor infractions reach notoriety, though they represent the bulk of credit card losses attributable to abuse.

During the 35th Annual Conference of the American Petroleum Credit Association, held in September 1959, H. M. Barrentine, Skelly Oil Company, gave an interesting presentation on the results of a survey he had conducted concerning "Fraud and Misuse of Credit Cards." Mr. Barrentine

[3](Ibid., p. 64)
[4]Editorial Staff, "Watch That Easy Credit," *Changing Times*, June, 1959, p. 8.

[5]Department of Commerce, Bureau of Census.

[6]*The Credit Reporter*, Merchants Credit Association, Birmingham, Ala., October, 1959, p. 3.
[7](Ibid., pages 3-4)

Growth Pattern[10]

Consumer Debt Outstanding as Compared With Number of Family Units
1940 Through 1960

In Millions

	No. of Family Units	*Consumer Debt Outstanding*	*Dollars Per Family*
1940	37,325	$ 9,172	$245.70
1950	45,983	$17,305	$376.40
1956	55,344 (sample census)	$42,511	$768.10
1960	64,000 (estimate)	$53,000 (estimate)	$828.10
	Per Cent Increase—Twenty Year Span		
	71.5%	477.7%	235.5%

classified credit card abuse into three general categories:[8]

I. Cards stolen—outright—or within family or relation, *claimed* used without authority.

II. Cards obtained through misrepresentation, with no apparent intent to repay. (Included in this category are altered cards or use of a copy or duplicate invoice.)

III. Cards issued considerable period before misuse begins—either to help finance a new "shoestring" business venture, or holder simply goes on a spree.

The survey was conducted among member companies of the Association, and Mr. Barrentine has indicated that he received a 100 per cent response. Of the questions asked, several dealt with the area in which abuse was most predominant. Replies indicated that category one represents the bulk of losses, and this is closely followed by category three. Category two, while placing third, usually represents the greatest losses, dollar wise, as far as individual cases are concerned. Examples of abuse here are comparable to those mentioned in the beginning.[9]

In closing his presentation, Mr. Barrentine indicated that between 12 and 20 per cent of annual, net bad debt losses of the member companies were attributable to credit card abuse.

There is little doubt that credit card buying will begin a downward trend in the foreseeable future, for the pattern of credit per se has been surging toward unsurpassed heights over the past 20 years. The following figures illustrate this pattern.

It would be difficult indeed to determine that portion of total consumer indebtedness representing credit card expenditures; yet, in view of their amazing growth and popularity, it cannot be disputed that this certainly is an area which has contributed proportionately to the total and subsequently an area under consideration by the economist in his thoughts on credit control.

In 1940, few economists would have predicted a 477 per cent increase in consumer debt within a period of 20 years, for the uncertainty of war left the future anything but bright. Today, however, few again view the situation with apprehension, for many have expressed the opinion that should the present policy of liberal credit grow out of hand, the Federal Reserve Board can swiftly control it by raising interest rates.

Control of credit among those organizations selling through the medium of the credit card is not the basic issue. Rather, they are interested in controlling the resulting abuse. The Statues of Fraud, enacted on both State and Federal level, cover a wide variety of infractions, some of which are evident in credit card abuse. In those cases, however, the burden of proof lies with the creditor. Proof of fraud is a tedious process at best, and for the average business organization it presents a number of problems. For example:

1. It is difficult to prove that an individual deliberately used a credit card after expiration. He may claim that he did not notice the expiration date.

2. In cases where the card holder makes purchases far above his known requirements, it is difficult to prove that he received money or other services in lieu of the notation on the invoice. The situation may smack of collusion between card holder and merchant, but proof is another matter.

3. In cases where a cancellation notice is served, the card holder may claim that he did not receive the notice, and the same holds true for the merchant.

4. There is the problem of adequately staffing an organization with personnel trained in this area.

5. There is the actual costs involved in conducting the necessary investigation and subsequently bringing the charge against the offender.

6. And most important, there is the danger of unfavorable public opinion in the association of the creditor's name with a criminal prosecution, the resulting legal entanglements, and the uncertainty of conviction with resultant suits.

Present legal facilities available to the creditor, in his efforts to curb or control credit card abuse, are inadequate for the purpose. In our ever-expanding credit economy there definitely is a need for specific legislation, on state level initially, designed to curb, and if possible, control credit card abuse. Some states have already taken the initiative and it is hoped that others will follow.

The Texas Bill

On May 7, 1959, House Bill No. 356, "An Act making it unlawful to knowingly make use of an expired or revoked credit card in obtaining credit for the purchase of gasoline, motor oil, or other motor vehicle supplies, equipment, or services; stating a rule of prima facie evidence with respect to such offense, stating a conclusive presumption regarding notice; prescribing penalties for conviction, based on the amount of the credit purchase involved and the number of prior convictions for the same offense; amending Article 1545 of the Penal Code of the State of Texas by extending the same to include 'goods,' 'services' and/or 'any other thing of value'; providing for severability; and declaring an emergency," passed the Regular Session of the 56th Legislature of Texas on a vote of 140 Yeas as opposed to one Nay.

The Act initially covers the presentation of an expired or revoked credit card for the purpose of obtaining credit within an area encompassing use of the petroleum card, and further amends Article 1545 of the Penal Code to include "goods," "services" and/or "other things of value." Notice of revocation is construed to cover both verbal and written notice; and in the event of the latter, notice shall conclusively presumed to have been given when deposited as registered or certified matter in the United States mail. On conviction for a violation of this Act, the culprit is subject to punishment based on the value of purchase and number of prior convictions for the same offense. Initial conviction on credit purchase of less than $5.00 carries fine not to exceed $200.00; if purchase exceeds $5.00 but is less than $50.00, penalty is fine not to exceed $1,000, or confinement

[8] *Minutes—35th Annual Conference of American Petroleum Credit Association*, National Association of Credit Management, September 28-30, 1959, p. 30-31.

[9] (Dept. of Commerce, op. cit.)

[10] *Federal Reserve Bulletin*, Board of Governors Federal Reserve System, Washington, D. C., Govt. Printing Office, November, 1959. (Table of Consumer Credit Outstanding—1960 estimate based on: Consumer Debt May, 1959, 46M; Sept., 49M; allowance made for Christmas buying.)

in county jail of not more than two years, or both; if purchase is more than $50.00, penalty is fine not to exceed $10,000 and confinement in State Penitentiary for not less than two nor more than 10 years. On second conviction for purchase of less than $50.00, penalty is confinement in county jail for not less than 30 days nor more than two years, and by fine not to exceed $2,000. On third or more convictions, where purchase is less than $50.00, penalty is confinement in State Penitentiary for not less than two nor more than 10 years, and by fine not to exceed $5,000.

The Bill, itself, was authored and introduced before the Legislature by Representative Carl C. Conley of Raymondville, Texas, and it is interesting to note that the author considered the issue of sufficient importance to incorporate an emergency clause, thus providing for immediate effectiveness of the Bill upon approval by the Governor. The Act was passed and became law on May 30, 1959.

In early June, during regular Legislative Session of the State of Florida, Representative John E. Mathews, Jr., of Jacksonville, Florida, introduced House Bill No. 1568, "An Act to prohibit obtaining credit by use of a credit card issued to another without consent of the person to whom issued or which has been expired or cancelled, and prescribing penalties therefor."

The term "credit card" was defined as an identification card issued to a person by a business organization which permits such person to purchase or obtain goods, property or services on the credit of such organization. On conviction for a violation of this Act, the offender is subject to a penalty based on the value of credit purchase, with such conviction classified as a misdemeanor. Conviction for purchase of $50.00 or less carries fine not to exceed $100.00, or imprisonment for not more than 30 days, or both; if purchase is more than $50.00, penalty is fine of not less than $100.00 nor more than $500.00, or imprisonment not to exceed one year, or both. The Act was approved by the Governor on June 16, and became law on June 17, 1959.

During October, 1959, House Bill 1064, "An Act to prohibit obtaining credit by use of a credit card belonging to another, or which has expired or been cancelled, and prescribing penalties therefore, with provision for an effective date" was introduced before the Regular Legislature of the State of Alabama. In text, and specifically in provision for penalty, this Bill was patterned almost to the letter after the Florida Act. It failed to pass in 1959, though it is felt that additional consideration will be given during the 1960 sessions.

In January, 1960, during initial session of the Legislature for the State of Georgia, Senators Edenfield and Perry introduced Senate Bill No. 169, "An Act to prohibit any person from obtaining credit by use of a credit card issued to another without consent of the person to whom issued; to prohibit the use of a credit card which has expired or been cancelled;

LEGISLATION AGAINST CREDIT CARD ABUSE

States	*Misdemeanor*	*Felony*	*Penalties*	*Evidence Rules*
Enacted				
Florida	Any violation	No	For purchase of less than $50, fine of not more than $100 or imprisonment for not more than 30 days; if exceeds $50, fine of not less than $100 or more than $500 or imprisonment for not more than 1 year, or both.	Conviction on violation for use of an expired or revoked or stolen credit card, or use of card without authority of party to whom issued.
Texas	Initial violation where purchase is less than $50.	All other violations	First conviction on purchase less than $5, fine not to exceed $200; if more than $50, fine not to exceed $1,000 or imprisonment in county jail not to exceed 2 years, or both if exceeds $50, confinement in State Penitentiary for not less than 2 nor more than 10 years, and by fine not to exceed $10,000. Two or more convictions on purchase of less than $50, confinement in State Penitentiary for not less than 2 nor more than 10 years, and by fine not to exceed $5,000.	Use of an expired or revoked credit card is prima facie evidence of guilt if the purchaser shall not have paid to the creditor the full amount within 10 days.
Proposed				
Alabama	Any violation	No	Same as Florida	Same as Florida
Georgia	Any violation	No	Same as Florida	Use of an expired or revoked credit card or use of card without consent of person to whom issued is prima facie evidence of guilt if the purchaser shall not have paid to the creditor the full amount within 10 days.
Kentucky	Any violation	No	On conviction for violation, fine of not less than $100, nor more than $500, or confinement for not more than 1 year, or by both.	Conviction on use of any expired or revoked credit card, or use of card with consent of person to whom issued, or attempted use of these, or use of any false or fraudulent type credit device.

Presentation of the above adapted from that used by the National Association of Credit Management in their publication, *Credit Manual of Commercial Laws*, 1960.

to prescribe penalties therefore; to define certain words and terms; to repeal conflicting laws; and for other purposes."

The term "credit card" was defined as an identification card or other credit document issued to a person, firm or corporation by a business organization which permits such person, firm or corporation to purchase or obtain goods, property or services on the credit of such organization. A violation of any part of this Bill is considered a misdemeanor, and the penalties prescribed are identical to those incorporated in the Florida Act. Georgia includes a clause whereby the user of an expired or cancelled credit card has the option of making settlement with the creditor within 10 days of the purchase before use is considered in violation of the Act. Further, an additional clause is included which repeals all existing laws conflicting with the provisions of this Bill.

Although definite action on approval has not occurred as yet, optimism for passage is high in the supporting camps.

The Kentucky Bill

The Kentucky Legislature is currently deliberating on "An Act making it a misdemeanor to obtain or attempt to obtain goods, property or service by false or fraudulent use of credit cards or other false or fraudulent means, and providing penalties therefore." In addition to providing coverage on the use of credit cards, which is similar in treatment to that given by the other states, the Kentucky Bill also includes the false or fraudulent use of any type credit device. In prescribing penalties, however, the value of the credit purchase is of no consequence, for on conviction of a violation of this Bill, the offender is subject to minimum fine of $100.00 not to exceed $500.00, or imprisonment for not more than one year, or by both such fine and imprisonment.

The State of Minnesota is reported to have enacted a law dealing with credit cards; however, their law covers only the theft of a card and considers such theft as larceny.

Interest in legislation designed to curb credit card abuse is certainly not dormant. National organizations and numerous local associations of credit executives are actively being encouraged to support suitable legislation within their states; and with the promise of legal atmosphere being more favorable to the creditor's problems, there is real hope that the future will unfold a realization of those objectives.

Recently, a firm of California attorneys, who for many years have maintained an interest in the area of credit card abuse, drafted a proposal which they felt included the objectives of coverage in the adaption of future legislation:

1. To deter the culprit who fraudulently uses the credit card of another.
2. To deter the fraudulent misuse of a credit card by its named holder.
3. To deter the fraudulent misuse of a credit card by a third person.
4. To protect the issuing company against the use of the credit card after expiration.
5. To protect the issuing company against the use of the credit card after revocation.
6. To protect the issuing company against the obtaining of a credit card by trick, fraud or other device.
7. To protect the issuing company against combinations of any of the foregoing.[11]

There is little in support of a prediction that the popularity of the credit card is merely a "fad" which will soon level off and slowly decline, for the system is indeed a product of our credit economy, an economy whose history, with few exceptions, reveals an upward surge since inception. The credit card is a tool of modern, aggressive American business, and with competitive demands such as they are, the future can only hold expansion far exceeding that realized thus far.

Control over abuse to which the system is subject, however, is an area in which there is vast room for improvement. Communication with the attorney generals in both Florida and Texas reveals that neither law has yet been tested. First thought here might indicate that the creditor has been lax in taking advantage of this avenue now open to him; though in analyzing the creditor's position in a number of previous incidents, it is felt that the danger of financial exposure has not been minimized to the extent so as to preclude repercussions. Legislation enacted, and in process, thus far covers one or more of the following areas of abuse:

1. The unauthorized use of credit cards.
2. The use of stolen credit cards.
3. The use of expired credit cards.
4. The use of cancelled or revoked credit cards.[12]

There have been no laws enacted to compound collusion between card holder and merchant in cases where this may exist; further, many creditors have expressed the opinion that existing laws leave much to be desired in providing a basis for proof and severity of penalty.

Characteristics of credit card legislation, both enacted and proposed, are condensed below and it is interesting to note some of the basic differences between the various states.

Alabama, Florida, Georgia and Kentucky all consider the violation of their Acts a misdemeanor. Texas is the only state in which a certain type of violation is considered a felony, and here of course the provisions for penalty far exceed the other states in severity. Coverage of the Texas Act includes only the use of an expired or revoked credit card, while Alabama, Florida and Georgia have extended their coverage to include also the use of cards stolen outright or cards used without the authority of the person to whom issued. Kentucky goes a few steps further by including coverage against all of the foregoing and, in addition, considers the false or fraudulent use of any type credit device.

Credit Purchase as a Guide

In making provisions for penalty, Alabama, Florida, Georgia and Texas all consider the value of the credit purchase as a guide. Kentucky, however, makes provision for only one penalty regardless of the value of the credit purchase. Both Georgia and Texas consider any violation of the coverage their Acts afford as prima facie evidence of guilt if the offender has not paid to the creditor the value of the purchase within 10 days.

The merit of the credit card has, is, and will continue to be debated by parties both directly and indirectly concerned for seldom has a system, designed to stimulate sales and thus enhance the prosperity and well being of business, received such open-armed acceptance by the consumer. Some have criticised the system on the basis that it only promotes extravagence and subsequently hinders a sense of thrift which should be inherent in each of us. Many others have applauded the system by maintaining that it facilitates a higher standard of living and provides a basis for the overall enjoyment of life.

Menace or boom, there are three things of which we may be certain:

1. Our economy is founded on credit, and the card, as its tool, will continue to exist.
2. To maintain competitive standards, business will continue to develop more inviting credit programs for the consumer.
3. Concurrently, losses resulting from sheer credit card abuse will continue to mount, if permitted to go unchecked. ★★★

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[11] (Minutes-35th Annual Conference, APCA op. cit., p. 60)

[12] W. M. Stockton, "Laws Affecting Credit Card Abuse," The Credit World, January, 1960, p. 12.

CONSUMERS WILL EASE NEXT RECESSION

A NEW STABILIZING force has developed in our economy.

It's the American consumer.

By stepping up or restricting his discretionary spending, this important citizen is now playing a key role in maintaining economic stability. His behavior in the next decade or two could make it possible for us to put less reliance on government action to soften the sting of recessions.

The consumer's effectiveness has already been demonstrated. Along with the automatic stabilizers that have been built into the nation's economic machinery, he has helped to make our three postwar recessions fairly short and mild.

Studies of consumer attitudes by the Survey Research Center of the University of Michigan over the past 12 years suggest that he will continue to fill his new role in the future.

These studies have shown that consumer sentiment is governed by fairly stable features which, although they influence the business cycle considerably, rarely have been analyzed.

Our analysis refutes the belief that consumers are uninformed, suggestible, subject to manipulation and therefore inclined toward excessive behavior.

It suggests rather that they are inherently conservative and sane and that the unorganized masses resist the spread and exaggeration of rumors more easily than do cohesive groups. To be sure, certain consumer attitudes and expectations change frequently and substantially. This causes fluctuations in purchases of discretionary goods. Also it is possible for the consumers to lose their determination under the influence of repeated severe shocks. But such reactions are rare and brief.

Five findings by our surveys provide useful keys, not only to how consumers may respond to a given situation, but why they react as they do.

1. *In time, people become bored with good news as well as with bad news.*

For most people, only what is new to them is news. In the winter of 1954-55, rising sales and production were news. So was the automobile boom later in 1955 and the growth of plant and equipment expenditures in the first half of 1956.

But after two or three years of continuous growth, news of progress causes less and less reaction. People are more likely to notice, and to watch for, news of divergent tendencies. Similarly in recession, people grow tired of bad news and become more sensitive to good.

Furthermore, after a few years of continuous good news people are likely to notice slight divergent tendencies and watch out for them. They react similarly in a recession. When the tempo of decline no longer accelerates and unemployment stops growing, many people get accumstomed to the bad news and are more sensitive to good news.

This tendency to overemphasize the unusual leads consumers, in good times, to withhold purchases, thus preventing a runaway boom. In depression, it encourages them to spend, thus shortening the downturn.

2. *Business news is compared to personal experiences, one's own situation.*

This does not mean that a government employee or a professor with a stable job ignores news of a recession. These people belong to groups and are influenced by what happens to their friends, their community, and their country. But all families are not better off in prosperous times and not all are worse off in a recession, because some businesses do not participate in the general trend.

For families whose income remains unchanged when everybody else's goes up, things are truly bad. For families whose income remains unchanged when everybody else's goes down—this is the impression many people get during a recession—things are good.

In 1954, for example, many people who heard about a forthcoming depression found reassurance in the fact that they themselves were not affected. They then stepped up their spending and anti-recession tendencies were set in motion. Similarly, early in 1957, many people felt that they had not shared in the general boom and acted accordingly.

3. *Levels of aspiration are only slightly above levels of achievement.*

Power to buy or not to buy is most effective shield against turndowns

Achievement does not fully satisfy people. A person who has finally reached a goal which, a few months ago, seemed to him ideal, will soon raise his sights and strive for further advancement. Similarly, after a consumer has bought a house, a car, a washing machine, or clothes dryer, other previously suppressed needs and desires arise.

This tendency to raise our sights following accomplishment or to lower them after failure or frustration seldom leads to excesses. Usually it follows closely the actual accomplishment level. We want a little more income, a few additional goods, and a somewhat better house, but our desires and fancies are reality-bound and reality-tested.

4. *People change their convictions slowly.*

Even contrary personal experiences do not necessarily shake a consumer's opinions. For instance, masses of people believe today that high expenditures for rearmament are not good for the economy because the money is, as they say, wasted rather than serving to raise the standard of living, or because government deficits are bad. These beliefs are widely held even though thousands of people had the best years of their lives when rearmament expenditures were high.

The same is true of the conviction that inflation is bad. Even people whose income automatically keeps pace with prices, or those who profit from inflation, do not attribute their income gains to inflation. Income gains are thought to be the result of one's own accomplishments or, occasionally, of lucky breaks. Inflation, on the other hand, is considered detrimental to the enjoyment of the fruits of one's labor.

Such broad generalizations as "inflation is bad," "what goes up must come down," "trees don't grow to heaven" are inherently conservative. Because of such beliefs, people react to inflationary news by restricting their discretionary purchases. This is the case when small and gradual price increases are expected: Here is one of the crucial differences between creeping and runaway inflation! Buying more freely when prices are stable and buying less when prices are rising helps reduce fluctuations rather than make them excessive.

5. *Consumers are conservative.*

Diversification is a widely prevailing practice. Even people who do not argue consciously that it is wrong to put all your eggs in one basket do not back the most probable course with all their means.

Many people who are convinced that, over a decade or two, sizable price increases are inevitable still keep some money in savings accounts. They know that what appears probable still is not certain and they take into consideration that some risks are involved in the stocks they have bought as hedges against inflation. Most people have only one important hedge against inflation—the house they own.

People like to buy on time and look at the amount of monthly payments rather than the size of the carrying charges. This has occasionally been cited as indicating that consumers are impulsive or irrational. But paying while using is not a new idea and seems right. What matters most, financially, is the relation of monthly charges to the family income. In this area many families prepare accurate estimates. They calculate the size of the monthly payments they can afford to make. This serves as an effective budgetary device which restrains impulse buying.

Are these five stable features of consumer behavior effective? Experience of the past 10 years shows that they are. Only in three instances have consumers allowed themselves to be stampeded into excessive buying, and in each instance the stampede was arrested before it became serious.

At the outbreak of the Korean war there was scare buying and hoarding. This stopped as soon as the fear of large-scale war and of resulting shortages subsided. In 1955 favorable attitudes toward automobile market and the news that more people were buying cars helped to transform desire into demand for new cars. People who usually bought used cars bought new cars that year. Other people traded in their cars earlier than usual. But the process lasted only a few months, and not more than one million car buyers were influenced by the contagion.

In 1958 the notion that that was not a good time to buy a car was reinforced by the news that car buying had slumped; in other words, that people all over the country felt the same way. Similarly, uneasiness and worry was reinforced by the news about rising unemployment. Yet the recession had other causes as well and the buyers' strike was localized and brief.

In contrast to occasional and excessive behavior, there were several instances when consumer reactions arrested recessions and reversed inflationary movements.

After it is fulfilled, expectation may disappear or even generate a reverse expectation. After prices have risen, people who expected the increases feel that the factors producing them have exhausted themselves. Then different price expectations may arise. Thus, inflation after World War II generated expectations of price declines in 1948-49. The reduction in prices at that time was accompanied by improvement in inclinations to buy.

Consumer resistance to price increases in 1951 and the optimism that arose in 1954 during a period of relatively low levels of production are among the most important instances of reversal in sentiment noted during the past 10 years. In 1949, 1951, and 1954, consumers were the decisive force in the economy; in 1956-57 they contributed to keeping the boom from getting out of hand. In 1958 they aided recovery by continuing to spend.

The consumer is not a calculating robot. He has only limited information and understanding of what goes on in the economy. But when it really matters, he usually does not act impulsively and emotionally. Because of certain deep-seated and enduring tendencies he usually helps to mitigate inflation and recession and does not contribute to exaggerating boom conditions. He is a stabilizing force in our economy. Therefore, the task of rectifying economic maladjustments need not be shifted exclusively to the government. ★★★

 The author is Dr. George Katona, Program Director, Survey Research Center, The University of Michigan, Ann Arbor, Michigan and summarizes findings presented in his new book "The Powerful Consumer," published by McGraw-Hill Book Company, New York, New York.

FROM THE President's Pen

MOPS

NO HOUSE can function without a mop. Of all the gadgets that man has devised to facilitate the process of cleaning, the old-fashioned mop has yet to be excelled.

NRCA needs mops too. This association, like a home, occasionally needs cleaning. There is no better way to do it than with a mop. It must be a big, strong mop as NRCA has a large house that takes quite a bit of mopping. Did I say NRCA's house was large? It has twelve rooms. Some are bigger than others, some are used more frequently than others. Oddly enough, the most used rooms need less cleaning than the infrequently used ones. Apparently, some of our rooms have gathered dust from only occasional use.

NRCA needs a different kind of mop than the one you would use in your home for our cleaning problem is a different one. So let's take a look at the NRCA MOP.

M stands for membership. In any district, or room, we must have an active, participating membership. If we are to keep this district from gathering dust, this membership must be growing constantly. Each district must have an alert, active membership committee.

O stands for organization. Each district must have a completely planned organization. Not only should the district have an enthusiastic Board of Directors and Standing Committees, it must also have within it, well-organized local associations and a direct relationship between the District Officers and the local association Officers.

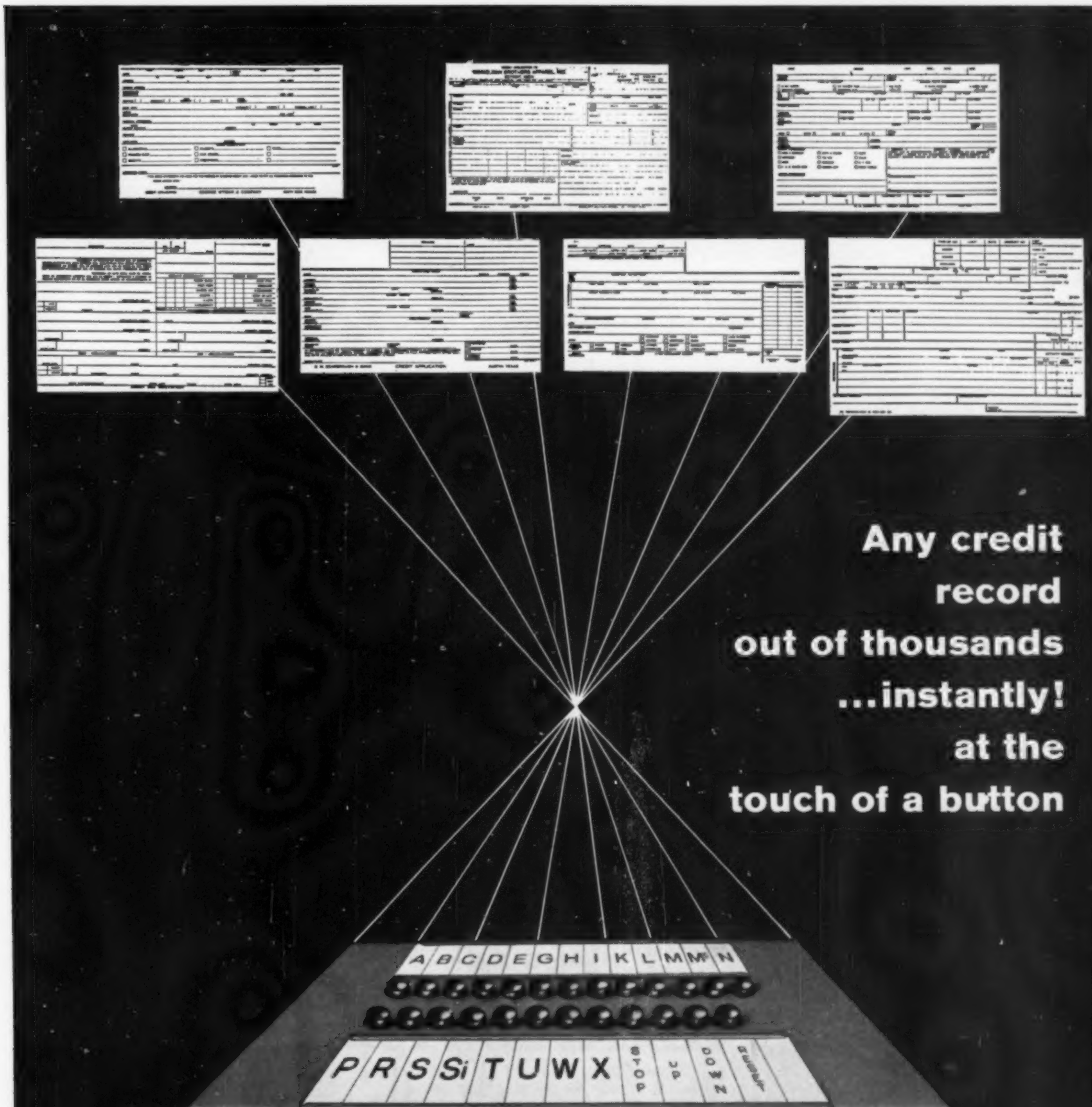
P stands for program. A good district program does not mean one district conference each year. A good district program functions 365 days a year, not three. A good district helps its local associations in their annual programs. A good district plans membership campaigns and educational programs throughout the year. A good district culminates all of this fine activity with an outstanding district conference at the close of the year.

There is NRCA's mop. Wielding this mop with a will, we can clean up our house so that we can proudly invite the world to come and visit us. A little effort on everybody's part and our house will be "clean as a whistle."

Remember NRCA's mop. Membership plus Organization plus Program equals SUCCESS.

David Blair

PRESIDENT
National Retail Credit Association



KARD-VEYER®

MECHANIZED CARD FILING EQUIPMENT

Now, telephone inquiries can be answered instantly. With the KARD-VEYER mechanized record-handling system, the right record, out of thousands, is delivered to the operator *at the touch of a button.*

These all-in-one, electrically-powered, fatigue-reducing work stations are revolutionizing Credit Bureau operations. Never before has it been possible to store so many credit records in so little space. Filing, finding and posting are done in seconds keeping files more up to date. Fewer records are out of file. Misfiles are reduced to an absolute minimum. The result is increased efficiency and greater productivity with fewer personnel and, of course, faster service to member retailers.

See the KARD-VEYER *system in action and get full details at the 46th Annual International Consumer Credit Conference. June 6-9, Palmer House, Chicago, Illinois, BOOTHS 9, 10 and 11.*

Remington Rand

DIVISION OF SPERRY RAND CORPORATION

EXHIBITORS AT THE CHICAGO CONFERENCE

THE EXHIBITS of modern office equipment, credit cards, hotels, insurance, etc., are always an outstanding feature at our annual conferences. These exhibits, installed by America's leaders in their respective fields, have been brought at considerable expense on their part. All of our delegates are urged to visit the exhibits, which will be located on the Fourth Floor of the Palmer House, and discuss their problems with the representatives, who are specialists in their lines. Following is the list of exhibitors at press time. Several more are expected by the time the Conference convenes.

Exhibitor	*Booth*
Remington Rand Division of Sperry Rand Corporation 315 Park Avenue South New York 10, New York	**9-10-11**
Recordak Corporation 415 Madison Avenue New York 17, New York	**5-6**
Hilton Credit Corporation 8544 Sunset Boulevard Los Angeles, California	**8**
The National Cash Register Company Main and K Streets Dayton 9, Ohio	**17-18**
Credit Bureau Reports, Inc. 381 Park Avenue New York 16, New York	**7**
Rol-Dex Division Watson Manufacturing Company 63 Taylor Street Jamestown, New York	**12-13**
John Hancock Mutual Life Insurance Company 200 Berkeley Street Boston 17, Massachusetts	**2**
National Retail Credit Association 375 Jackson Avenue St. Louis 3, Missouri	**1**
Associated Credit Bureaus of America 7000 Chippewa Street St. Louis 19, Missouri	**21**
Associated Credit Bureaus—Fifth District 109 East Nine Mile Road Detroit 20, Michigan	**20**
Americana Hotel 96th Street and Collins Avenue Miami Beach, Florida	**16**
Encyclopaedia Britannica 400 West Madison Chicago, Illinois	**15**
Maher Records Binding Company 1846 West 34th Street Chicago 8, Illinois	**14**

FORTY-SIXTH ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Chicago

CONFERENCE DATES: JUNE 5-9, 1960

Palmer House

Sponsored by:

NATIONAL RETAIL CREDIT ASSOCIATION
ASSOCIATED CREDIT BUREAUS OF AMERICA
CREDIT WOMEN'S BREAKFAST CLUBS OF N. AMERICA

Registration Blank

Name: .... (BADGE WILL BE PRINTED AS YOU INDICATE)

Spouse: .... (INCLUDE FIRST NAME FOR BADGE)

Firm: ....

Family: ....

Address: ....

....

City & State: ....

Type of Business: ....

Mail registration blank with check attached made payable to: International Consumer Credit Conference, c/o National Retail Credit Association, 375 Jackson Avenue, St. Louis 30, Missouri.

Attending conference for first time ☐
Are you District Officer ☐; State Officer ☐; Local Officer ☐;
District Director ☐; State Director ☐; Local Director ☐?

CONFERENCE REGISTRATION

Delegates (ACBofA, CWBCofNA, NRCA) $25.00
Family (wife, children, other members of family) $20.00
Additional individual tickets will be available at the Registration Desk.

Full refund on advance registration will be made if cancellation is received prior to May 23, 1960. No refunds will be made after that date.

HOTEL RESERVATIONS

Conference registrations must be made before hotel reservations can be made. The Palmer House will be notified when your registration has been made. After you receive acknowledgment of Conference Registration from ICCC, direct your request to the Palmer House for the type of hotel accommodations you desire.

BANQUET RESERVATIONS

All seats at the CWBCofNA Breakfast and the Annual Banquet will be reserved. Table reservations may be selected at the Registration Desk, starting on Monday, June 6, 1960. Exchange tickets in your Conference Ticket Book for your reserved seat. If you wish to sit with friends at the Breakfast or Banquet, make certain that exchange tickets for your seats are accumulated and turned in at the same time.

The waters of Lake Michigan add glamour to the beauty of Chicago's after-dark skyline.

PROGRAM HIGHLIGHTS

46th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

The Palmer House, Chicago, Illinois, June 4-9, 1960

Saturday, June 4 . . .

9:30 a.m.—NRCA Executive Committee Meeting, Room 15-16, Club Floor

12:00 m. —NRCA Board of Directors Luncheon, Room 18, Club Floor

2:00 p.m.—NRCA Board of Directors Meeting, Room 14, Club Floor

Sunday, June 5 . . .

9:30 a.m.—NRCA Board of Directors Meeting, Room 14, Club Floor

2:30 p.m.—NRCA Education Meeting, Red Lacquer Room, Fourth Floor

"Techniques for Improving Your Local Association Meetings"

PRESIDING: Dean Ashby, The Fair, Fort Worth, Texas

PRESENTATION: Leslie This, Assistant Educational Director, American Red Cross, Washington, D. C.

Monday, June 6 . . .

7:30 a.m.—ICCC Sunrise Sessions (NRCA, ACBofA, and CWBC of NA)—Coffee and Rolls

Group One, Room 17, Club Floor

"Community Services"

Charles Dudley, Credit Bureau of Charlotte, Charlotte, North Carolina

Group Two, Room 14, Club Floor

"Collections"

Bruce K. Ward, Credit Bureau of Casper, Casper, Wyoming

Group Three, Room 18, Club Floor

"Credit Sales Promotions"

E. L. Goodman, Burger-Phillips Company, Birmingham, Alabama

Group Four, Room 15-16, Club Floor

"How Job Satisfaction Can Best Be Realized"

Mrs. Marie Gower, Hastings, San Francisco, California

9:30 a.m.—ICCC Joint Session (NRCA, ACBofA, and CWBC of NA), Grand Ballroom, Fourth Floor

PRESIDING: David K. Blair, H. Liebes & Company, San Francisco, California, President, National Retail Credit Association

CHORAL MUSIC

COLOR GUARD: U. S. Navy Color Guard, 9th Naval District, Great Lakes, Illinois

INVOCATION: Leonard A. Brumbaugh, Valley National Bank, Phoenix, Arizona, Second Vice President, National Retail Credit Association

IN MEMORIAM: Kermit W. Oakes, Credit Bureau of Central Kansas, Emporia, Kansas, First Vice President, Associated Credit Bureaus of America

ADDRESS: "Man on the Go"

Alex Dreier, Chicago, Illinois, NBC News Commentator

"Consumer Credit and Regulations"

Congressman Thomas P. Curtis, Missouri, House of Representatives, Washington, D. C.

12:15 p.m.—NRCA "Dutch Treat" Luncheon (NRCA Officers and Directors, District Officers and Directors, Local Association Officers and Directors and all "Project P-U-S-H" Chairmen), Victorian Room, Lobby Floor

THEME: "Project P-U-S-H—62,000 in '62"

Charles F. Sheldon, Philadelphia Credit Bureau, Philadelphia, Pennsylvania, and Clarence E. Wolfinger, Philadelphia, Pennsylvania, Co-Chairmen

PRESIDING: David K. Blair, President, NRCA

"How to Get Participation in Local Association Meetings"

Leslie This, Assistant Educational Director, American Red Cross, Washington, D. C.

2:30 p.m.—NRCA, CWBC of NA Joint Session, Red Lacquer Room, Fourth Floor

THEME: "The Consumer Credit Outlook for the '60s"

PRESIDING: Earle A. Nirmaier, W. Wilderotter & Company, Newark, New Jersey, First Vice President, National Retail Credit Association

"The Consumer Credit Potential in the 1960's"

Arno H. Johnson, Vice President, J. Walter Thompson Company, New York, New York

Question and Answer Period

Tuesday, June 7 . . .

7:30 a.m.—ICCC Joint Session, NRCA, ACBofA, CWBC of NA, Annual CWBC of NA Breakfast, Grand Ballroom, Fourth Floor

THEME: "Dear Boss"

PRESIDING: Mrs. Helen Spendlove, Merrill Lynch, Pierce, Fenner and Smith, Salt Lake City, Utah, President, Credit Women's Breakfast Clubs of North America

SPEAKER: Dorothy Bond of "Dear Boss"

10:00 a.m.—NRCA, CWBC of NA Joint Session, Grand Ballroom, Fourth Floor

THEME: "Opportunities for Credit Sales in the '60s"

PRESIDING: Joseph A. White, The Fair, Chicago, Illinois, Past President, National Retail Credit Association

A "News Conference" with members of the press, radio and television invited to question the panel

INSTALMENT BANK CREDIT: Cyril J. Jedlicka, City National Bank and Trust Company, Kansas City, Missouri

CONSUMER FINANCE: Dr. Ernst A. Dauer, Household Finance Corporation, Chicago, Illinois

SALES FINANCE: Alan S. Jeffrey, American Finance Conference, Chicago, Illinois

CREDIT COLLECTIONS: Gordon Fletcher, National Accounts System, Chicago, Illinois

PETROLEUM: William Smith, Standard Oil Company, Chicago, Illinois

FURNITURE: Roscoe R. Rau, National Retail Furniture Association, Chicago, Illinois

BUILDING TRADES: Mrs. Dorothe M. Bolte, Lyons Bros. Lumber and Fuel Company, Joliet, Illinois

RETAILING: Cyrus P. Adams, III, Carson Pirie Scott and Company, Chicago, Illinois

MAIL ORDER HOUSES: Frank D. Kollmer, Aldens, Chicago, Illinois

The George A. Scott Award

2:30 p.m.—NRCA and CWBC of NA Group Sessions
(See pages 18 and 19 of this CREDIT WORLD for complete information.)

5:00 p.m.—Annual Meeting, District Five, National Retail Credit Association, Crystal Room, Third Floor

Wednesday, June 8 . . .

7:30 a.m.—Breakfast, Quarter Century Club, National Retail Credit Association, Room 9, Third Floor

PRESIDING: Lindley S. Crowder

SECRETARY: Clarence E. Wolfinger

9:30 a.m.—NRCA and CWBC of NA Joint Session, Grand Ballroom, Fourth Floor

THEME: "Partners in Progress"

MODERATOR: Leonard A. Brumbaugh, Valley National Bank, Phoenix, Arizona, Second Vice President, NRCA

PANEL:

"Where Are We Headed in the '60s?"
George W. Dowdy, Belk Brothers Company, Charlotte, North Carolina

"Our Needs as We See Them"
Mrs. Jo Hubbard, Sterchi Brothers Stores, Chattanooga, Tennessee

"The Changing Credit Bureau"
J. E. R. Chilton, III, Merchants Retail Credit Association, Dallas, Texas

"The Professional Collector Looks Ahead"
N. W. McGinty, Credit Service Company, Billings, Montana

11:00 a.m.—Business Session, National Retail Credit Association, Grand Ballroom, Fourth Floor

PRESIDING: David K. Blair, President, NRCA

Report of Nominating Committee

Report of Executive Vice President

Report of Constitution and Bylaws Committee

Report of Resolutions Committee

12:30 p.m.—Luncheon, NRCA Board of Directors, Room 17, Club Floor

2:30 p.m.—Meeting, NRCA Board of Directors, Room 17, Club Floor

2:30 p.m.—NRCA and CWBC of NA Group Sessions

Group No. 1: Department, Apparel and Jewelry Stores, Wabash Parlor, Third Floor

Group No. 2: Home Furnishings, Home Improvements and Home Service Industries, Room 9, Third Floor

Group No. 3: The Financial Industry, Room 15-16, Club Floor

Group No. 4: The Health Professions, Room 14, Club Floor

Group No. 5: Public Utilities, Room 11, Third Floor

Group No. 6: National Credit Card Industry, Room 18, Club Floor

Thursday, June 9 . . .

7:30 a.m.—ICCC Breakfast, Joint Executive Committees, NRCA, ACBofA, CWBC of NA, Crystal Room, Third Floor

9:30 a.m.—ICCC Joint Session (NRCA, ACBofA, and CWBC of NA), Grand Ballroom, Fourth Floor

THEME: "The Role of the Credit Card in the Challenging '60s"

PRESIDING: Pren L. Moore, Credit Bureau of Imperial County, El Centro, California, President, Associated Credit Bureaus of America

DISCUSSION LEADER: M. J. Rossant, Financial Editor, *Business Week*, New York, New York

PANEL:
Matthew Simmons, Diners' Club, New York, New York
H. W. Dugdale, Shell Oil Company, New York, New York
George W. Dowdy, Belk Brothers Company, Charlotte, North Carolina
Herbert W. Ritter, Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania
Charles R. Speers, American Air Lines, New York, New York

ADDRESS: "Date With Destiny"
Dr. Ralph W. Sockman, Pastor, Christ Church, New York, New York

2:30 p.m.—NRCA and CWBC of NA Legal Panel, Victorian Room, Lobby Floor

THEME: "Legal Aspects Affecting Consumer Credit Extension and Collections"

PRESIDING: J. C. Gilliland, Fingerhut Manufacturing Company, Minneapolis, Minnesota, Past President, National Retail Credit Association

"The Uniform Commercial Code"
Professor William Bandy, University of Oklahoma, Norman, Oklahoma

"Laws Affecting Credit Granting and Collections"
John F. Clagett, Washington Counsel, National Retail Credit Association, Washington, D. C.

"Model State Legislation"
R. M. Severa, Credit Bureau of Greater New York, New York, New York

Question and Answer Period

Consumer Credit Execut

46th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

The Palmer House, Chicago, Illinois, June 5-9, 1960

MRS. MARIE M. GOWER, Manager, Credit Sales Department, Hasting's, San Francisco, California, will lead the Group 4 discussion, "How Job Satisfaction Can Best Be Realized," at the ICCC Sunrise session.

JOSEPH A. WHITE, General Chairman, reports on the progress of the program to MRS. POLLY GOTHAM, CARL S. HOBET, Co-Chairman, and WILLIAM M. SMITH.

CARL S. HOBBET, BRYCE BRYAR, President, Retail Credit Association of Cook County, and **WILLIAM H. BLAKE**, meet to work out local arrangements for the annual conference.

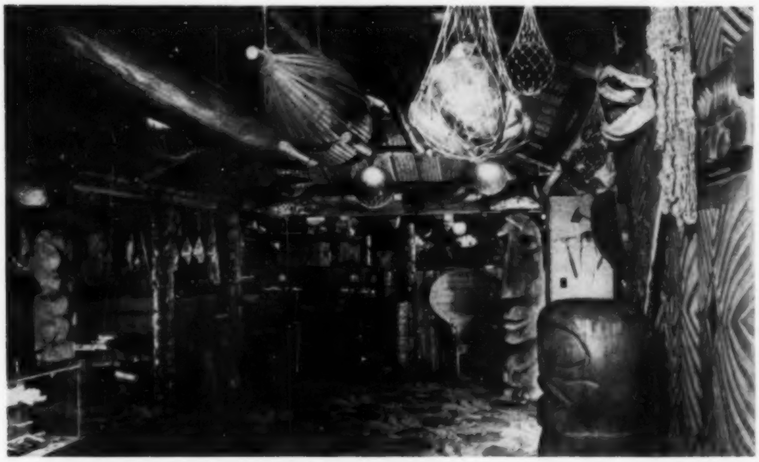
WILLIAM R. BANDY, Professor of Law, University of Oklahoma, College of Law, will tell how the "Uniform Commercial Code," affects retailers.

GEORGE W. DOWDY, Executive Vice President and General Manager, Belk Brothers Company, Charlotte, North Carolina, will express management's thinking when he discusses, "Where Are We Headed in the '60s?"

DR. RALPH W. SOCKMAN, Pastor, Christ Church, New York, will be the guest speaker on the Thursday morning joint session. An internationally famous speaker, he will speak on "Date With Destiny."

ves Look at the 1960's . . .

The world famous "Empire Room" of The Palmer House has been the center of fine food and entertainment for half a century. Delegates and their guests will enjoy an evening here.



TRADER VIC'S has captured the atmosphere of the tropical islands and reproduced it for the guests of The Palmer House.

J. E. R. CHILTON, III, Vice President, Chilton Company, and General Manager, Merchants Retail Credit Association, Dallas, Texas, will tell about, "The Changing Credit Bureau."

ARNO H. JOHNSON, Vice President and Senior Economist, J. Walter Thompson Company, New York, New York, will project his thinking on, "The Consumer Credit Potential in the '60s."

MRS. JO HUBBARD, Credit Sales Manager, Sterchi Bros. Stores, Chattanooga, Tennessee, will develop, "Our Needs as We See Them," as a part of the, "Partners in Progress," panel.

CONGRESSMAN THOMAS B. CURTIS, Republican, Missouri, is a member of the Joint Economic Committee of Congress as well as the important Ways and Means Committee. "Regulation of Consumer Credit" will be his subject.

GROUP MEETINGS

46th Annual International Consumer Credit Conference NRCA and CWBC of NA

Palmer House, Chicago, Illinois Tuesday, June 7, 1960 and Wednesday, June 8, 1960

THE VARIOUS Group Meetings will be held on Tuesday and Wednesday afternoons from 2:30 p.m. to 5:00 p.m. There will be six groups. Members should study the list of groups and general topics to be presented, and then decide to attend the group which best fits their particular interests. These group sessions are intended to be audience-participation, problem-solving meetings. Key specialists will sit in with each group and will orient the group in particular problems and also be prepared to answer questions. The group meetings are the heart of this educational Conference. Here is where ideas will be obtained which will lead to more efficient and streamlined credit and collection procedures and methods. Most credit executives attending the Conference will come with specific questions and problems arising from their day by day activities. These questions and problems will be covered by the leaders in the field and answers given. Just one new idea often pays for the entire cost of attending the Conference. All members are urged to attend the group session of their preference.

Group No. 1: DEPARTMENT, APPAREL AND JEWELRY STORES

Theme: "How to Increase Credit Sales Volume"
Chairman: Henry C. Alexander, Belk Brothers Company, Charlotte, North Carolina
Co-Chairmen: Mrs. Marie M. Gower, Hastings Clothing Company, San Francisco, California
Fred Hachtel, Gimbel Brothers, Milwaukee, Wisconsin
Edward G. Harlan, Riley's Store for Men, Boise, Idaho
Alex S. Kerby, Grogan Jewelry Company, Pittsburgh, Pennsylvania
Hugh Martin, The Addis Company, Syracuse, New York

Some of the topics to be discussed at this group meeting are:

1. Credit sales promotion and public relations.
2. New credit plans—service charges—financing.
3. Billing, accounting, office procedures, layaway and C.O.D.
4. Collections . . . (a) Monthly charge accounts, (b) Instalment accounts.
5. Credit and collection procedures of branch stores.
6. General personnel procedures, including problems created by night openings.
7. Advantages and disadvantages of the various credit plans now being offered.

This group will be primarily concerned with the problems confronting large and small department stores; men's, women's, and children's stores; jewelry stores, both popular priced and better jewelers. Regardless of the type of merchandise sold in all these stores, credit and collection problems are remarkably similar, and the same challenges and opportunities face all.

Group No. 2: HOME FURNISHINGS, HOME IMPROVEMENTS AND HOME SERVICE INDUSTRIES

Theme: "Better Living in the Home in the '60s"
Chairman: William F. Streeter, Davidson-Boutell Company, Minneapolis, Minnesota
Co-Chairman: Saul Stone, May-Stern & Company, Pittsburgh, Pennsylvania

Some of the topics to be discussed at this group meeting are:

1. Personnel problems.
   a. Personnel traits to look for.
   b. Special aptitudes and attitudes for credit interviewing.
   c. Accounting section and collection routines.
2. Collection procedures; legal actions; repossessions and the entire collection routine.
3. Credit sales promotion and best ways of getting new profitable business.
4. Credit office accounting methods; credit office statistics and reports.
5. Credit interviewing and collection counseling.

This group will include credit executives from furniture stores; appliance stores; musical instrument stores; drugstores; building material suppliers; paint stores and all house-to-house sales companies, including all firms and organizations which provide services and merchandise for the home.

Group No. 3: THE FINANCIAL INDUSTRY

Theme: "Meeting the Financial Needs of the American Family in the '60s"
Chairman: Dewey D. Godfrey, Bank of Charlotte, Charlotte, North Carolina
Co-Chairman: Bryce Bryar, Talman Savings & Loan Association, Chicago, Illinois

Some of the topics to be discussed at this group meeting are:

1. New methods and procedures in consumer credit management.
2. New approaches to credit analysis and decision problems.
3. Effecting economies by streamlining collection procedures.
4. Discussion of the practical effects of State and Federal legislation in the general area of the consumer finance industry.
5. Creating new profitable business.
6. Interpretation of industry statistics and reports.
7. Cooperation with other credit granters leading to improved credit conditions.

This group will be of particular interest to representatives of consumer finance, sales finance, instalment banks, bank charge plans, credit unions, savings and loan associations, life insurance companies, and all who are engaged in financing the consumer.

Group No. 4: THE HEALTH PROFESSIONS

Theme: "Better Ways to Serve Our Patients' Credit Needs"
Chairman: Stephen F. O'Connor, St. Mary's Hospital, East St. Louis, Illinois
Co-Chairmen: Frank Lauran, Hospital Service Association of Western Pennsylvania, Pittsburgh, Pennsylvania
J. Bilger Bronson, Rochester Regional Hospital Council, Inc., Rochester, New York

Some of the topics for this group to discuss are:

1. Pre-admission—admission—registration.
2. Credit analysis—credit decisions.
3. Insurance and other prepayment plans.
4. Medical indigents—community service.
5. Collections—skip tracing.

In this group, special attention will be paid to the problems of physicians and dentists credit and collection procedures, representatives of hospitals, medical office clerks, medical insurance plans representatives and all interested in the over-all health service industry are invited to attend.

Group No. 5: PUBLIC UTILITIES

Theme: "Making Public Utility Credit Profitable"
Chairman: George W. Crawford, Alabama Power Company, Birmingham, Alabama
Co-Chairman: Maurice D. Stram, Minneapolis Gas Company, Minneapolis, Minnesota

Some of the topics for this group to discuss are:

1. Public utility collection procedures.
2. Public utility public relations aspects of credit and collection policies.
3. Personality attributes required for success in public utility credit and collection work.
4. Problems and opportunities of automation in the public utility field.

This group will attract representatives of electric, gas, telephone and other public utility companies and any groups involved in over-all public utility service to the community. Problems unique to public utilities will be thoroughly discussed and opportunity given for comparison of results in various parts of the country.

Group No. 6: NATIONAL CREDIT CARD INDUSTRY

Theme: "The Future of the Credit Card Industry in America"
Chairman: H. L. Miller, The Pure Oil Company, Chicago, Illinois
Co-Chairman: Robert T. Farrar, Hilton Carte Blanche, Los Angeles, California

The topics for this group to discuss will be:

1. The technique involved in the issuing of credit cards.
2. Standards of credit acceptance.
3. Collection procedures found most successful with credit card companies.
4. Methods of recovering credit cards on past-due accounts.
5. General composition, wording and mailing procedure of credit cards.
6. Periodicity of renewal.

This group will be of interest to representative of oil companies, national credit card companies, bank credit plans and all who are interested in the issuance and control of credit cards used on an area or nationwide basis.

The foregoing is a brief résumé pertaining to these group meetings. Below is a coupon which we ask members to please complete and return to the National Office. Your comments and help will aid us in further developing this particular part of the International Consumer Credit Conference.

Director of Education
National Retail Credit Association
375 Jackson Avenue
St. Louis 30, Missouri

Yes, I plan to attend the .... Group Session at the Chicago Conference. I would like to have this topic discussed:

....

....

....

Your Name and Title ....

Your Firm Name ....

Your Firm Address ....

....

PLEASE RETURN AS QUICKLY AS POSSIBLE SO WE MAY HAVE THE BENEFIT OF YOUR THINKING

Credit Women's Breakfast Clubs of North America

22nd Annual Conference

The Palmer House

Chicago, Illinois

June 4-9, 1960

MRS. HELEN S. SPENDLOVE
President
Salt Lake City, Utah

Mrs. Inez McGaughy
First Vice President
Chattanooga, Tenn.

Mrs. Dorothe M. Bolte
Secretary
Joliet, Ill.

GREETINGS

IT IS WITH pride and certainly my privilege to present to the credit profession the Officers, Chairmen, and District Presidents of the Credit Women's Breakfast Club of North America.

Our sincere thanks to the National Retail Credit Association for affording us this opportunity to recognize these members who have so diligently carried out their assignments during the year 1959-60.

We feel so very grateful to the entire credit profession for the wide acceptance of our Educational Course "Unlocking the Future" and for the encouragement credit management has given their girls to participate in our program. We also point with pride to the realization and actual availability of the higher level Educational Course being offered through the University of Wisconsin and sponsored jointly by Credit Women's Breakfast Clubs of North America and the National Retail Credit Association. It is our sincere hope that this step will be the key to opening many doors which will further benefit the membership we now have and to building that membership to its full potential.

To the members of ACBofA, another strong and necessary element of the credit profession, we also owe a deep debt of gratitude for their loyal support and helpfulness in promoting our program and building our membership through the encouragement of new club units.

To the future of all three organizations, each important to the other in building a stronger and better credit profession, may we each in our own way, contribute wholeheartedly toward closer cooperation, to preserve, promote and enhance the principles and practices of the credit profession. Let us all firmly believe, "the gathering, the analysis and the dissemination of credit is a profession."

Helen S. Spendlove

President
Credit Women's Breakfast Clubs of North America

Mrs. Martha Bean Gleason
Second Vice President
Washington, D. C.

Mrs. Wanda M. Brown
Treasurer
Mason City, Iowa

Helen B. Sawyers
Third Vice President
Everett, Wash.

Geneva F. McQuatters
Executive Manager
St. Louis, Mo.

Eleanor Wilson
Advisory
Duluth, Minn.

Mrs. Darleen Crocker
Budget
Portland, Me.

Frances Carlstrom
Bulletin
Lawrence, Mass.

Rita F. Barnes
By-Laws
London, Ont., Canada

Mrs. Willamae Jackson
Future Advantages
Little Rock, Ark.

Committee Chairmen and District Presidents

Mrs. Mary S. Morgan
Nominating
Houston, Texas

Lorene Shaw
Historian
Toronto 2B, Ontario Canada

Avadana Cochran
Silver Anniversary
Bremerton, Wash.

Mrs. Madeline Barlow
District One
Providence, R. I.

Mrs. Georgia W. Marvin
District Two
Albany, N. Y.

Mrs. Doris Parker
Dists. Three & Four
Waycross, Ga.

Mary F. Davidson
District Five
Toronto, Ont., Canada

Mrs. Lena Dahl
District Six
Fremont, Neb.

Mrs. Patricia Finch
District Seven
Bartlesville, Okla.

Grace E. Rigamonti
District Eight
Victoria, Texas

Mrs. Jean H. Benedict
District Nine
Denver, Colo.

Muriel Jones
District Ten
Portland, Ore.

Ruth M. Morman
District Eleven
Phoenix, Ariz.

Mrs. Doris LeVan
District Twelve
Allentown, Penn.

Dorothy Etsler
District Thirteen
Marion, Ind.

From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel

NATIONAL RETAIL CREDIT ASSOCIATION, WASHINGTON, D. C.

Intergovernmental guide lines applied to the Douglas Bill, S. 2755: Five days of hearings on S. 2755 appear to have developed several propositions or conclusions:

First, that there is unanimous agreement on the part of everyone that full disclosure as to the dollar amount of the finance charge involved in an instalment purchase or loan transaction is essential.

Second, that there is a wide difference of opinion, however, between proponents and opponents of the bill as to whether the dollar amount of the finance charge can be translated in a practicable and workable way into terms of simple annual interest on the declining, unpaid monthly balance. The following simple example of a factual situation which indicates some of the inherent difficulties involved was cited:

> "A gasoline service station manager has a telephone call early in the morning to start a customer's (factory worker) car. This is done but a new battery is required. The breakdown is on a Monday, and the new battery installed then. The worker states that he will receive his paycheck Friday evening and subsequent alternate Fridays. The cash price of the battery is \$20.00; the time price is \$22.00, five dollars each paycheck evening for four paychecks and then two dollars. What is the 'simple annual interest'?"

Third, that a number of specific instances of credit transactions (most of them in the used auto business) cited by proponents of the bill indicate that there are areas or fringes (extent now shown or attempted to be shown) of consumer instalment credit where finance charges have included undisclosed or concealed items such as life insurance and kickbacks, and that the amount of the finance charge in a number of the instances cited were exorbitant or unconscionable.

Fourth, that a number of states have adopted auto sales, small loan and general instalment sales laws, and that additional legislation in these areas is planned either by way of new legislation or improvement of existing law. There has been no showing that state laws have failed of their purpose. None of the state laws, however, have attempted to include a provision as to "simple annual interest."

Fifth, that competition in the retail sales and consumer lending areas is intense, thus tending among the great majority of business units to insure fair prices, including finance charges, and honest dealing.

Sixth, that education of the consumer to aid him in understanding and using credit wisely is underway on a considerable scale by credit unions, women's organizations, labor unions and others.

Seventh, that nothing has emerged from the hearing thus far which would indicate that the problem is a proper one for the federal government. As stated by Chairman Martin of the FRB, "it is not the purpose of this bill to control credit. It is not intended that the regulatory requirements would be varied from time to time to encourage or discourage the volume of credit extended." Thus far there has been no evidence that the stated purpose of the bill, "promotion of economic stabilization," would be improved or influenced by the passage of the proposed legislation. It remains a so-called "truth" bill. A showing for need of more truth in instalment credit sales and loans transactions has been confined principally to the area of used auto sales. Even if needed, there is no evidence in the record so far to indicate that the federal government can better regulate the matter than can the states.

In his opening sentence an AFL-CIO witness testifying in favor of the bill said, "With the holding of these hearings this subcommittee is breaking new ground." This could not be disputed, but the question is, is the federal government justified in moving into this "new ground"?

Precisely because, during recent years, the Constitutional arguments as to States' Rights and "separation of powers" have been blunted by the advocates of a unitary, centralized system, or have been lost sight of in the pressure of events and the demand for haste or extraordinary remedies, President Eisenhower in a message to Congress on March 30, 1953 recommended that the whole problem of intergovernmental relations be studied. He stated (and this paragraph might well be leveled directly at the Douglas bill): "The present division of activities between federal and state governments, including their local subdivisions, is the product of more than a century and a half of piecemeal and often haphazard growth. This growth in recent decades has proceeded at a speed defying order and efficiency. One program after another has been launched to meet emergencies and expanding public needs. Time has rarely been taken for thoughtful attention to the effects of these actions on the basic structure of our federal-state system of government."

Congress responded with an enabling act which created a "Commission on Intergovernmental Relations," more often known as the "Kestnbaum Commission." It submitted a lengthy report and went out of existence June 30, 1955, to be followed by two further important developments directed at the same problem: (1) The Senate and House committees on Government Operations initiated studies of their own, and, (2) in July 1957 the President appointed a second study group designated the "Joint Federal-State Action Committee."

This Committee in turn was terminated upon submission of its final report to the President in February 1960 since the Congress had passed and the President signed on September 24, 1959 a law creating a *permanent* Commission to be called the "Advisory Commission on Intergovernmental Relations." Its members were appointed, a staff was employed, and it was ready to function on December 14, 1959.

The following paragraph from the Final Report of the Joint Federal-State Action Committee gives an excellent summary of the objectives that were sought in all of these important developments leading up to the creation of a permanent commission to deal with this problem of intergovernmental relations:

(Turn to "Douglas Bill," page 27.)

Local Association Activities

Gadsden, Alabama

At a recent election of officers for 1960 the Gadsden Retail Credit Association, Gadsden, Alabama, elected the following: President, Grady Gillam, American National Bank; First Vice President, W. L. Tallent, Fidelity Finance Company; Second Vice President, Ray Iglehart, Rhodes Furniture Company; and Secretary-Treasurer, H. G. Harry, Credit Bureau of Gadsden. Directors: Carl McClain, Sherwin-Williams Paint Company; Maurice Hoffman, Hoffman Jewelers; Marie Tatum, Sterchi Furniture Company; Grover Casey, Fireside Finance Company; Mary Sewell, Williams Furniture Company; W. A. Smith, Western Auto Store; and Cranston Kennedy, Gasden Finance Company.

Austin, Texas

The officers and directors of the Retail Credit Association of Austin, Austin, Texas, are: President. Sam Shaw, Cabaniss Brown Furniture Company; First Vice President, William Thompson, Southern Union Gas Company; Second Vice President, Arline Taylor, Prescription Laboratory; Treasurer, Julius Schutze, Austin Laundry and Dry Cleaning; and Secretary, Mrs. Horace Barnhart, Retail Merchants Association. Directors: Jasper Jernigan, E. M. Scarbrough & Sons; Tinsley Penick, Crawford Penick; Joyce Dies, Stableford Pontiac; Betty Ryan, Davis Hardware; George Brown, Austin National Bank; and Dennis Hannusch, Southern Union Gas Company.

Montgomery, Alabama

The new officers and directors of the Montgomery Credit Managers Association, Montgomery, Alabama, are: President, Jack McLendon, Rhodes Furniture Company; First Vice President, Jack King, Union Bank and Trust Company; Second Vice President, Jack Sheets, Capitol Clothing Store; Secretary-Treasurer, Bolling Holt, Jr., Credit Bureau of Montgomery. Directors: Edward Herbert, First National Bank of Montgomery; Russell Hungerford, Sherwin-Williams Paint Company; Mrs. Jamey Petrey, Luquire Heating and Plumbing Company; J. L. Sanford, Bishop-Parker Furniture Company; and Virgil Culver, Poor Man's Banker.

Houston, Texas

At the annual meeting of the Houston Retail Credit Association, Houston, Texas, the following officers and directors were elected: President, Frank E. Tritico, Stowers Furniture Company; First Vice President, Arthur Hornbrook, Foley's; Second Vice President, E. Allan Nisbet, Craig's; Secretary, R. K. Pinger, Credit Bureau of Greater Houston; Assistant Secretary, Leroy Andrews, Credit Bureau of Greater Houston; and Treasurer, Mrs. Geneva Kerlin, Dixie Employment Service. Directors: Arthur F. Sweeney, Neiman-Marcus; John J. Tryling, Suniland Furniture Company; J. D. Miller, J. D. Miller Company; Clifton L. Bond, *Houston Chronicle;* J. Lindle Barkley, H & H Music Company; Robert P. Scott, Jr., T. J. Bettes Company; Jack Holton, KHOU-TV; John M. McCullar, Foremost Dairies; and Mrs. Bess Wiess, Paul's Shoes.

Bristol, Tennessee

The new officers and directors of the Bristol Credit Granters Association, Bristol, Tennessee, are: President, Wesley Griffin, Home Credit Company; Vice President, Mrs. Glenna Moore, Grigsby's Hospital; Secretary, Mrs. Margaret Price, Holston Loan Company; and Treasurer, H. H. Hendricke, Washington Trust Bank. Directors: Peggy Miller, The Credit Bureau; John Riley, Front Street Second Hand Store; Mrs. Ethel Keesling, Burrough's Shoe Store; Fred Entler Charg-It, Inc.; and Thomas Knoll, Advance Store.

Scranton, Pennsylvania

The Retail Credit Association, Scranton, Pennsylvania, elected the following officers and directors for 1960: President, David G. Jeffery, Scranton Dry Goods Company; Vice President, J. M. Friedlin, Imperial Oil Company; Treasurer, Mrs. Elvira Berry, Third National Bank and Trust Company; and Secretary, Joan Lorsong, Credit Bureau of Scranton. Directors: Anthony Mallick, Household Outfitting Company; Margaret Regan, Schrieber's; Thomas Jones, Cleland Simpson Company; Raymond Paradiso, Key Furniture Company; Steven Youshock, Stoehr and Fister; and Theodore Baer, Scranton Talk, Inc.

Albany, Georgia

The Albany Retail Credit Association, Albany, Georgia, has chosen the following officers and directors to serve for the coming year: President, Mrs. Nell Nesbit Churchwell's Department Store; First Vice President, Clifford Campbell, Citizens and Southern Bank; Second Vice President, Jack Davis, Southeastern Liquid Fertilizer and Secretary-Treasurer, Mrs. Maggie Skandamis, Albany Credit Bureau. Directors: Beulah Pennington, Rosenberg's; J. Ray Perkins, Miller Motor Company; Buford Hatcher, Allied Finance Company; and George Mallory, Albany Credit Bureau.

Erie, Pennsylvania

At the organizational meeting of the Retail Credit Association of Erie, Erie, Pennsylvania, the following officers and directors were elected: President, Clarence Pratt, Sears, Roebuck & Company; Vice President, Edwin Whitman, Union Bank; and Secretary-Treasurer, Richard DuMond, The Credit Bureau. Directors: George Kuhn, American Finance Company; Ben Specter, Specter Jewelers; C. Ray Zimmer, P. A. Meyer & Sons; Eleanor Mathews, W. T. Grant Company; Carl Sicker, Sterling Milk; and W. Glenn Zembower, E. E. Austin Company.

Register NOW

TURN TO page 13 of this issue of The CREDIT WORLD, cut out the registration blank for the Chicago Conference, fill it in and send it to the National Office NOW. Plan to bring the family too. Send the blank in without further delay.

LEONARD BERRY

THINK OF EACH business letter as a projection of your personality to another person. When you do you will find that your letter will be different in a most subtle way. That is because your personality is different from that of anyone else. As one authority puts it ". . . personality is all that a person is and thinks and feels that can be projected to another person." Your letter actually should be a little part of YOU, wrapped up in an envelope, and sent on its way to *influence the life of another*.

The fundamental rule in successful letter persuasion is to *be yourself*. Do not just follow slavishly, the letters you have read or seen somewhere, or even on this page. Take the *ideas* in those letters and then express them in your own special way. Your sincerity, willingness to be helpful, your fundamental respect for the other fellow and your wish to help him satisfy his needs, will all shine out in the letter. The *words* you select will be those which reflect your basic attitudes. The tone of the letter will clearly and unmistakably tell the reader that you are intent on presenting your solution to this particular problem in the light of what is best for the reader.

The next rule in effective letter writing is to *talk to one person at a time*. Wherever possible, *know* the person you are writing to in terms of his interests, drives and responses, living standards, where he lives and works, and just about as many facets of his general makeup and personality as possible. Of course, this cannot always be done, but to the extent it can, the result will be a powerfully convincing and successful letter. You can deduce quite a lot about a particular reader from your own records and an analysis of your past dealings with him.

The third rule is offer *solutions to problems* and *open doors to happiness*. Your customers have hopes and fears, dreams and dreads, problems and perplexities. Your solutions to problems and your invitations to greater shopping pleasure must be presented in an appealing manner and with *enthusiasm* and *enterprise*. The best way to get this effect is to see the problem through the *reader's eyes*. This means a *YOU* attitude and approach. Your enthusiasm and unselfishness will often work like a charm in creating a willingness on the part of the reader to accept your solutions.

Finally, keep your mind on the *public relations implications* of your letter. Your firm, as well as you personally, are being judged solely on the basis of this particular letter. No matter if your message has to be a stern warning or even a reprimand, it can be said in such a way that the sharp sting is blunted. We should always *mind our manners* when we write. Just because the reader is not in sight, or within hearing, is no excuse for being harsh, rude or demanding. On the contrary, we must lean over backwards to be especially courteous in our letters.

There we have four easy-to-understand rules to bring about the necessary "personal" approach in our business communications. Practice them and you will quickly find a gratifying improvement in the success of your letters.

This Month's Illustrations →

Illustration No. 1. Here is an excellent approach to the matter of "under 21" account solicitation. In this letter, used by Golde's Department Store, Maplewood, Missouri, the student is invited to come in to the store's credit sales department and complete an application for credit. At that time, doubtless, the credit counselor will see that the young person is fully oriented on the responsibilities as well as the privileges and pleasures of credit. Note that the parents are brought into the picture, too.

Illustration No. 2. This is a merchandise promotion letter sent by Greenfield's, Clayton, Missouri. A letter such as this, geared to the current season's merchandise promotions makes a splendid *inactive account* mailing. Inactive accounts are a challenge to the executive to see if he can win them back. Solid rewards in increased sales result, provided such promotions are tied-in with specific merchandise opportunities.

Illustration No. 3. With this letter from Hogg Brothers, Salem, Oregon goes a most attractive *Down Payment Certificate*. This particular promotion was timed to capture new business from inactive account customers during the month of December. Ernest W. Reames, Manager of Credit Sales, reports that he obtained a three per cent response, with average sales of $240.97 per account. The idea for the promotion was obtained from a credit conference. Surely this is an excellent recommendation for attending local, district and national credit meetings! One idea gained often will pay the entire cost of attending several such meetings.

Illustration No. 4. This letter was sent to John A. Broom, Jr., Cate-McLaurin Company, Columbia, South Carolina, and then shown to us as an example of an outstanding "thank-you" letter. Most credit executives spend too much of their valuable time on the tiny minority of credit customers who become collection problems, and too little on the vast majority of prompt pay customers. At a recent Credit Institute one credit executive made the statement that if the credit executive would spend half his time on credit sales promotion and better public relations in the community, the sales of the store would increase by about 18 per cent. This proves the prime importance of vigorous and continuous cultivation of customer good will.

Members are invited to send to the National Office, examples of their successful credit and collection department letters and forms. We like to show a wide variety of kinds of letters and from different parts of the country. Your cooperation will benefit all. Share your ideas with your fellow craftsmen.

Golde's DEPARTMENT STORE
INC.
[illegible] MANCHESTER AVE.
MAPLEWOOD 17, MO.
Phone, Mission 7-[illegible]

①

Dear Student:

Have you heard about Golde's new "CAMPUS CHARGE ACCOUNT"? It's an account especially designed for guys and gals between the ages of 15 and 20, who have a full or part time job or a regular allowance. The account has a $30.00 charge limit with a $5.00 monthly payment. Golde's new "CAMPUS CHARGE ACCOUNT" is beginning just in time for your back to school wardrobe purchases.

Our aim is to educate young adults, who have some type of income, about the value of credit.

We invite you to come into our Credit department at your earliest convenience to fill out an application. When the account is opened you will receive a special Golde's Campus Charge card.

We look forward to being able to serve you in the very near future.

Yours very truly,

W. Richter
Credit Manager

Memo to Parents:
We wanted you to know that in order for the account to be opened we will naturally want your approval. We feel that this type of account has educational value, will help to bring about the awareness of budgeting purchases, and will certainly develope a sense of financial responsibility. If you have any questions feel free to call upon us at any time. We hope you will be enthusiastic about this new service for young adults.

GREENFIELD'S • 7730 FORSYTH, CLAYTON 5, MISSOURI *Clayton*

BEST FOOT FORWARD!

②

Take a giant step into Fall . . enjoy the inspired outlook that comes with a wardrobe change from the old to the new!

In our BOTANY 500 suits you'll find fabrics, styles and workmanship far and beyond anything you could hope for at an easy-on-the-wallet $65.

From our tailors at FASHION PARK you'll see skillfully tailored suits to give you the good feeling of being properly attired for all of your activities . . business, social, leisure! Quality considered, they're modestly priced at $89.50 and more.

For CASUAL WEAR, let me show you the best looking sports coats and slacks . . perfectly planned as a happy change of pace from normal suits!

I am anxiously waiting for the usual pleasure of serving you . . and serving you well! Please stop in one day real soon!

Sincerely,

Lyle Hillis

Oh yes! Plenty of parking space for you on our own 2-level lot in rear . . with direct entrance to store.

OSCAR E. HOGG — G. TOM HOGG

HOGG BROS
Willamette Valley's Leading Appliance & Home Furnishers
SALEM - OREGON CITY
260 STATE — 804 MAIN

③

The enclosed Down Payment Certificate is Hogg Brothers gift to you. No strings are attached.

Why do we make such an offer? The answer is simple and we believe you will agree that it makes sense.

Nationally, we have found that firms such as ours spend about ten dollars for advertising through newspapers, radio and television to get a new customer into the store to make a purchase. This is a "cost" of doing business.

Recently we reviewed our list of "paid up" accounts and found your name among those with a "Preferred Credit Rating".

All of this brings me to my point. You have an excellent credit record with our firm. You also know about our quality merchandise in appliances, carpeting and furniture because of your past purchases.

After considering these things, Management has agreed to use part of their advertising budget as a free gift to you. The result is that Hogg Brothers will make your down payment if you reopen your account before December 31, 1959 according to terms stated on the enclosed Certificate. This Certificate must be presented to your sales person at the time of reopening your account, in order to receive the ten dollar credit.

Won't you stop in soon? Free parking behind our main store.

Cordially,

Ernest W. Reames
MANAGER OF CREDIT SALES

P. S. Offer good only at our Salem store.

FRIGIDAIRE • MAYTAG • WESTINGHOUSE • EASY • COMPLETE HOME FURNISHINGS

AMER[illegible]T Co.
Hardware, Agri[illegible]ments & Supplies
[illegible] N.C.

Cate-McLaurin Co.
1720 Taylor Street
Columbia, S. C.

④

Gentlemen:

Frequently we read of school teachers who express regret that the slow student demands so much of their time that not sufficient attention can be given to the gifted scholar.

We Credit Managers are often in almost the same boat. We, too, devote a large share of our time to our "slow students", and I'm afraid are inclined to accept, as a matter of course, the splendid records of our prime customers.

Not that your perfect performance goes unnoticed . . . far from it! Every time you favor us with a new order, we think to ourselves - "How fortunate to have you as one of our customers. How simple our job would be if everyone could only begin to do as well."

This time we want to think out loud. We want you to know how highly we regard you and your company, and we want to say a sincere and hearty "thank you" for being privileged to serve you.

Sincerely,

AMERICAN HARDWARE & EQUIPMENT CO.

R. B. Neely, Credit Manager

People and Events

Today's Credit Sales Executive Has Dual Role

"The modern credit sales executive must face a dual responsibility," says Henri R. Wolkoff, General Credit Manager, The Town Shop, Poughkeepsie, New York, in an exchange story to The CREDIT WORLD.

In addition to his role as a credit sales manager and guardian of accounts receivable, he must become more cognizant of and assume his responsibility in consumer education. A consumer well informed in the use of credit will greatly reduce the everyday problems of the credit granter and halt the ever increasing number of personal and family bankruptcies.

The record consumer indebtedness is not in itself so alarming as to warrant consideration of governmental credit controls. However, many economists and legislators are influenced by the rise in personal and family bankruptcies in their belief that government controls are needed. A well rounded consumer education program should naturally start in the schools and continue as a never-ending project. It should include radio, newspaper and television advertising; presentations before women's and men's clubs, fraternal organizations, service clubs, high schools and colleges; and community-wide events such as "National Retail Credit Week."

As credit sales managers, when confronted by the marginal credit customer, many of us are prone to take a calculated risk. What would our decision be if we were to give just a little more thought to the individual's personal financial condition? Many of us always give complete consideration to the individual but may be influenced too much by the desire to complete the sale or the thought that "if I don't sell him someone else will."

We are not advocating that each credit granter become a crusader and put consumer education before his principal function of facilitating the sale. But let us not forget that selling merchandise for which we will not be paid promptly, and in many instances not be paid for at all, is not profitable business.

A. P. Bantham Rotary International Officer

Albert P. Bantham, owner and general manager of the Credit Bureau of Schenectady and vice president of the Corlaer Management Corporation of Schenectady, New York, has been named a member of the nominating committee for president of Rotary International in 1961-62, chairman of the districting committee for 1959-60 and a member of the 1960 Rotary institute agenda committee of Rotary International.

A Rotarian since 1930, Mr. Bantham is a former member of the Rotary Club of Troy, New York, and is now a member and past president of the Rotary Club of Schenectady. He also has served Rotary International as vice president, director, district governor and committee chairman.

Mr. Bantham is secretary of the board of trustees of Union College in Schenectady, a past president of the Union College Alumni Council, and a director of the Schenectady Industrial Corporation. He has served as director of the Schenectady Chamber of Commerce, president of the Associated Credit Bureaus of New York State and as director of the Northeastern Credit Bureaus. He is a member and past chairman of the U. S. Armed Forces Advisory Committee.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will held its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 15, 16, and 17, 1960.

District Five (Illinois, Indiana, Kentucky, Michigan, Ohio, Ontario, Canada, and Wisconsin, except Superior) will held its annual meeting in conjunction with the 46th Annual International Consumer Credit Conference at the Palmer House, Chicago, Illinois, June 5, 6, 7, 8, and 9, 1960.

District Eight (Texas) will hold its annual meeting at the Robert Driscoll Hotel, Corpus Christi, Texas, May 22, 23, and 24, 1960.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Continental, Pueblo, Colorado, May 15, 16, and 17, 1960.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Banff Springs Hotel, Banff, Alberta, Canada, May 20, 21, 22, 23, and 24, 1960.

——Help Wanted——

We are a midwest home furnishings chain whose dynamic growth has created an opening for a qualified credit sales manager. This is a "top-flight" position with an organization who is a leader in its field. We offer a good starting salary, excellent future and limitless opportunity for advancement. Relocation expenses paid. Complete résumé required. Box 5603, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

A large merchant owned and controlled credit bureau and collection agency in Canada requires a top calibre executive to manage all phases of the company's operation. Applicant must have knowledge of credit extension, collection of accounts and some accounting. This position offers a man with initiative, a substantial starting salary, plus an incentive and an opportunity to expand the operations of the company according to his capabilities. All replies treated in strictest confidence. Send full particulars to Box 5602, The CREDIT WORLD, 375 Jackson Avenue, St. Louis 30, Missouri.

"The purpose of the Joint Federal-State Action Committee was to seek ways and means of strengthening the federal system in this country by strengthening state governments as essential components of this system and helping to develop a rationale for determining which level or levels of government should perform particular functions. Specifically the Committee's mission was (1) to designate functions that might be shifted from the federal government to the states, (2) to recommend federal revenue sources that might be turned over to the states to finance these functions, and (3) to identify emerging problems that might require governmental action and recommend the appropriate division of governmental responsibility for them. The first two aspects of this large mission looked toward the achievement of some measure of decentralization of existing governmental functions and revenue sources. The third—to identify emerging problems and recommend appropriate responsibility—sought to arrest the drift toward needless centralization arising from lack of preparedness to handle new problems at the state and local levels or from over-zealous endeavors of the federal government."

It will be noted from this statement that *major emphasis was to be placed on actions that would strengthen state government, and shift functions from the federal government back to the states.*

It will be interest to note that the 26 members of the permanent commission are to be selected as follows: three private citizens, three Cabinet members, four governors, four mayors, three members of state legislative bodies, three members of elected county officers, all appointed by the President, and three Senators and three Members of the House, appointed, respectively, by the President of the Senate and Speaker of the House.

In its first report of six pages, dated January 31, 1960, the new Advisory Commission on Intergovernmental Relations noted that, "The more work that government does, the more important it is that areas of responsibility be clearly defined and properly shared *within the framework and traditions of our federal system.*" In describing the legislative mandate governing its action the report states that it shall be the Commission's duty to "Recommend, *within the framework of the Constitution,* the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government." (emphasis supplied) ★★★

Credit School at Auburn

The Auburn Retail Credit Association sponsored a Retail Credit School recently which attracted some 45 enrollees. The instructors included Garland H. Read, Credit Bureau of Auburn, Washington. Certificates were presented by Vernon Rasmussen, National Retail Credit Association Director in District 10.

Credit Sales Promotion, with special emphasis on Teen-Age Accounts; collection procedures, including legal aspects of Credits and Collections; economic principles and the effect of consumer credit on the total economy, as well as credit bureau relationships were discussed during the several evenings the school lasted.

Certificates issued by the National Retail Credit Association were presented to the successful students. We congratulate all of them on this excellent educational program.

A special one night class was held for Professional Office Personnel. This was conducted at the Auburn High School on March 1, 1960, and was well attended. A series of presentations beamed directly at the medical credit field was made and audience participation was excellent.

Psychologist Addresses Rochester Association

Dr. Timothy Costello, professor of psychology, Graduate School of Business Administration, New York University, was the speaker at the March meeting of the Rochester, New York, Retail Credit Association.

The meeting was well attended, about 100 being in attendance. Dr. Costello challenged the audience to consider the problems facing management and business in the 1960's. Primarily, according to Dr. Costello, these problems arise from today's affluent society.

One of the important points made by Dr. Costello was that society is beginning to falter in toeing the moral line. Shady deals are becoming characteristic. Payola is a new word to describe devious means of earning extra income. Solution, according to Dr. Costello, is for business to set its own controls.

According to Robert J. Walsh, Executive Vice President, The Credit Bureau of Rochester, this meeting was one of the most important held recently, and stimulated a great deal of worthwhile discussion.

Medical Professional Credit Training Course

A successful "Hospital and Medical Credit and Collection Course" was offered by NRCA's field lecturer, Miss Frances M. Hernan in Washington, D. C., on March 23 and 24, 1960. The school course was attended by 65 students, about equally divided between hospital credit personnel and medical and dental office assistants.

The response to the course was excellent. This is the first time such a school has been given in the Washington area, and we are grateful to John K. Althus, Secretary, The Credit Bureau, Washington, for cooperating so greatly in its promotion.

William R. Kane, Manager, Collection Department, The Credit Bureau, Washington, D. C., reports as follows: "The enthusiasm and interest of those attending convinces us of the continuing need for such education of those employed in the healing arts professions and we intend to have additional courses in the future. A great deal of interest was generated which will benefit both the Credit Reporting Operation and the Collection Department."

The course was conducted in the Collection Department area of The Credit Bureau of Washington, which provided a perfect setting.

Our members are earnestly urged to take advantage of this new and valuable educational offering of the National Retail Credit Association. The need for this education in the health professions field is most pressing. Please write to the National Office for complete details of Miss Hernan's course and dates open.

STATE LEGISLATION

Minnesota: The Minnesota Supreme Court has declared unconstitutional the state's Fair Trade Law permitting manufacturers to establish minimum resale prices for their trade-marked products. "The purported authority to fix prices," the high court said, "is an unconstitutional exercise of legislative power. Courts must view with grave concern the exercise of arbitrary power left in the hands of unofficial persons."

California: A bill to outlaw loss leaders in the sale of merchandise was sidetracked in the California legislature. Senator Hugh Burns of Fresno County, the sponsor, said the bill has been referred to an interim committee for study and report to the 1961 legislative. He said opposition to the bill has been expressed by the California Retailers Association, California Manufacturers Association, and the Western Oil and Gas Association.

New Jersey: A bill to make false advertising a disorderly persons offense was passed in the Assembly and sent to the State Senate. The measure, sponsored by Assemblyman Alan Kraut of Hudson County, is aimed at persons who do not intend to sell the exact goods or services advertised, or at advertised prices.

California: California State Consumer Counsel Helen Ewing Nelson, in a brochure, has criticized severely the credit card system. She referred to the use of credit as "the number one consumer problem in California." The brochure being distributed carries the caption, "Remember, it's smart to shop for credit. It's even smarter . . . and cheaper too . . . to pay cash." Governor Brown has included a signed message to the consumer. The brochure lists various percentages to show "what you pay for credit if added to purchase price and total repaid in twelve equal monthly payments." Example: "When they say four per cent per year, you pay 7.3 per cent" and "when they say six per cent, you pay 10.9 per cent."

New Jersey: A 4-to-2 ruling handed down by the New Jersey State Supreme Court upheld the constitutionality of a 1959 state law restricting sales on Sunday. The court simultaneously declared null and void the state's all-inclusive Sunday law of 1951. Chief Justice Joseph Weintraub wrote the majority opinion, in which he said, "The 1959 act repealed and superseded the 1951 law, which went far beyond the point of public health and welfare and, in fact, had a religious connotation. The puritanical theme of the act strongly suggests orientation to a secretarian desire to protect the Sabbath as such against desecration."

New Jersey: Governor Meyner recommended enactment of laws to protect consumers, particularly exorbitant interest rates. He urged passage of pending bills to control instalment credit, regulate the home improvement field, and prohibit debt adjusters. The governor also proposed two measures to require simple statements of annual credit charges on all time purchases of goods and services, and to authorize the State Attorney General to investigate fraudulent advertising.

Alaska: A bill to regulate the sale of credit life and accident and health insurance was introduced into the Alaska legislature.

Alabama: A ruling handed down by Judge Walter B. Jones in Montgomery Circuit Court denied a declaratory judgment sought by T. E. Langston, Jr., of Cash Finance Company, who challenged the validity of three rules promulgated by Lehman J. Lewis, Supervisor of the Alabama State Bureau of Loans, under provisions of the 1959 state small loan law. The judgment would have blocked enforcement of the three rules. The court said the regulations in question were "valid, reasonable, and consistent" with the act.

Idaho: A unanimous opinion handed down by the Idaho Supreme Court declared invalid a 1957 state law requiring state-chartered savings and loan associations to obtain savings account insurance from a federal corporation, but exempting such associations if in operation more than 15 years. The high court agreed with Third District Court, which held earlier the 15-year provision was "arbitrary, unreasonable, and discriminatory." The Supreme Court went farther, ruling that the entire statute was unconstitutional because it gave authority of the Idaho legislature to "another government or agency."

Kentucky: A bill to raise the ceiling on small loans from $300 to $800 was given final passage by the Kentucky legislature and sent to the governor for signature. The rate at three per cent a month on the first $150 of the unpaid balance, two per cent on the amount between $150 and $600, and one per cent on the sum from $600 to $800. The bill allows small loan licensees to require borrowers to purchase insurance on collateral and borrower's life.

New York: An insurance premium financing regulatory bill was given final passage by the New York State Legislature and sent to the governor for signature. The measure provides a rate of seven dollars per $100 per annum, with a minimum financing charge of $10. Those in the business of financing premiums to be known as "premium finance agencies" and be licensed and supervised by the State Banking Department.

Tennessee: A decision handed down by the Tennessee Supreme Court held that state usury laws are not being violated by FHA loans. The high court's decision came in a challenging case brought in Memphis by Silver Homes, Inc., against Marx and Bensdorf, who refused a loan because the FHA-approved interest rate of 5¾ per cent plus one half per cent FHA mortgage insurance fee exceeded the six per cent limit under the Tennessee usury law. Chancellor Charles A. Rond ruled in favor of the applicant and was upheld by both the State Court of Appeals and the Supreme Court. The court said the insurance charge was paid to FHA and "cannot be considered compensation to the lender for the use of money loaned."

Vermont: Small loan firms lent $11,067,237 to 28,089 Vermont residents in 1959, according to the State Department of Banking and Finance.

Register NOW

TURN TO page 13 of this issue of The CREDIT WORLD, cut out the registration blank for the Chicago Conference, fill it in and send it to the National Office NOW. Plan to bring the family too. Send the blank in without further delay.

Consumer Credit Outlook

CONSUMER INSTALMENT CREDIT outstanding increased $408 million in February after allowance for seasonal influences, about the same amount as in January. Extensions during February totaled $4,115 million, and repayments $3,707 million.

AUTOMOBILE CREDIT rose $222 million in February on a seasonally adjusted basis. The increase was about $70 million more than in January but about the same as the average during the second and third quarters of 1959. Other consumer goods paper increased $48 million, the smallest increase since December 1958. Personal loans expanded about the same amount as in January, but somewhat less than in other recent months.

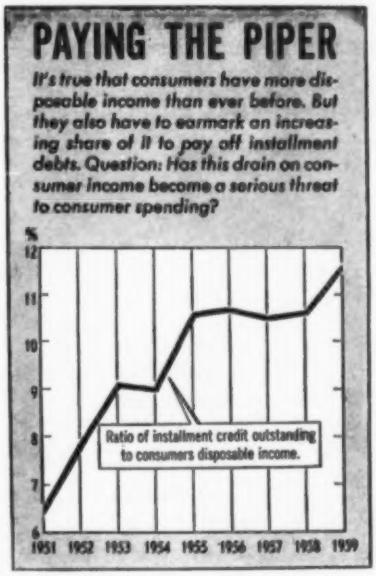
NONINSTALMENT CREDIT outstanding rose $94 million on a seasonally adjusted basis, somewhat more than in January, as all types of credit increased. Total consumer credit increased $502 million.

DEPARTMENT STORE SALES declined further in February. The seasonally adjusted index for the month is estimated at 140 per cent of the 1947-49 average compared with 145 in January and a revised figure of 141 for February a year ago.

DEPARTMENT STORE instalment account receivables declined three per cent in February but were 18 per cent above a year ago. Collections on instalment accounts remained at 14 per cent of outstandings at the beginning of the month.

CHARGE-ACCOUNT receivables continued to decline seasonally but were eight per cent higher than a year ago. About 45 per cent of the charge account receivables outstanding at the beginning of February were collected during the month.

DR. GEORGE KATONA, Director, Survey Research Center, University



of Michigan, says that the consumer is "no mere marionette dangling at the end of an economic string." In his new book, "The Powerful Consumer," Katona states that "U. S. consumers are a major force whose spending decisions are vital in determining what happens to business."

THE BOSTON STORE, major Milwaukee department store, has opened a self-service branch in a new shopping center, complete with checkout counter and carts. The branch sells basement merchandise, plus notions, drugs, soft goods, books, toys and seasonal lines.

THE MOST CONSPICUOUS business news during March did not center on production and trade, where activity on the whole was well sustained, but rather on the financial markets. The renewed decline in the stock market, to lows on March 9 which were 13 per cent under the record high achieved on the first trading day of the new year, raised questions in people's minds as to the outlook. The simplest, and also most accurate, explanation of the setback in stocks has been provided by Federal Reserve Board Chairman William McC. Martin, one-time president of the New York Stock Exchange who said the decline represented "liquidation of inflation psychology."

JOHN BARR, Montgomery Ward chairman, speaking at Harvard Business School, stated that, "As inflation has pushed our general price level higher and higher, more and more of our buyers have gone abroad to purchase at lower prices. In 1950, none went abroad. We would much prefer to buy American goods. Our customers want foreign goods simply because they want the best values for themselves. The evil of this is that it means less production and fewer jobs in this country. It is high time that organized labor in this country recognize the seriousness of this menace."

THE SURVEY RESEARCH CEN-

Changes in Department Store Sales and Accounts Receivable

Item February 29, 1960	Percentage change from: Month ago	Year ago
Sales during month: Total	−7	+3
Cash	−8	+3
Charge	−3	+1
Instalment	−13	+11
Accounts receivable, end of month:		
Charge	−17	+8
Instalment	−3	+18

Collection Ratios and Percentage Distribution of Sales

Item	Feb. 1960	Jan. 1960	Feb. 1959
Collection ratios:[1] Charge accounts	45	45	46
Instalment accounts	14	14	15
Percentage distribution of sales:			
Cash	42	43	43
Charge	42	41	43
Instalment	16	16	14

[1] Collections during month as a percentage of accounts receivable at beginning of month.

Short- and Intermediate-Term Consumer Credit Outstanding

(Estimates, in millions of dollars)

Type of Credit	Feb. 29, 1960	Change during: February Unadj.	February Sea. Adj.	Year ended Feb. 29, 1960
Instalment credit, total	39,408	+50	+408	+5,383
Automobile paper	16,677	+109	+222	+2,338
Other consumer goods paper	9,997	−132	+48	+1,270
Repair and modernization loans	2,695	+4	+32	+371
Personal loans	10,039	+69	+106	+1,404
Noninstalment credit, total[1]	11,613	−385	+94	+890
Single-payment loans	4,151	+59	+60	+454
Charge accounts[1]	4,305	−511	+28	+207
Service credit	3,157	+67	+6	+229
Total consumer credit[1]	51,021	−335	+502	+6,273

[1] Includes amounts outstanding on service station and miscellaneous credit-card accounts and home-heating oil accounts, which totaled $415 million on February 29, 1960.

TER of the University of Michigan reports that its latest study of consumer attitudes finds the "Consumers are showing increased confidence in the general economy and stronger inclinations to buy durable goods, continuing a trend temporarily interrupted by the steel strike." The study which was completed in March revealed that the consumer attitudes do not approach the optimism of 1955-56, for the consumers are fretting more over higher prices. The results indicate a good but not spectacular consumer durable goods year.

TRADING STAMP dispensers aimed to relieve stamp-giving retailers of a major headache have been developed by the Stamp Audit Company of Glendale, California. The cashier turns the dial till the indicator shows the amount of the customer's purchase and the machine does the rest. The quoted price is under $100.00.

SECRETARY OF COMMERCE Frederick Mueller noted that last month United States government statisticians came up with figures that suggested that businessmen, despite their penchant for worrying, were not taking their own pessimism too seriously. He noted that businessmen are getting ready to spend more money, $37 billion, than ever before to expand and modernize. This is 14 per cent more than last year. Notes Mueller, "Would they be spending that kind of money if they were really worried about over-all business conditions this year?" The Secretary indicated that business would be spending at an annual rate of $38 billion during the second half of 1960, easily edging out the previous record of $36.9 billion in 1957.

THOMAS C. BOUSHALL, Chairman, Bank of Virginia, Richmond, speaking before the Instalment Credit Conference, American Bankers Association, emphasized that he is against every governmental regulation that can be avoided, local, state or federal. Mr. Boushall criticized the Bush and Douglas bills now before the United States Senate, saying that "they are neither justified by past practices nor will they prevent future abuses."

CREDIT BUYING accounted for 54.3 per cent of total sales at Sears Roebuck and Co. by the end of the fiscal year January 31, 1960. This compared with 12.4 per cent in the comparable period of 1946.

A TYPE OF "packaged banking" which would include a periodic savings accumulation in addition to a loan repayment will become commonplace within the next 50 years, predicted Arthur J. Morris, pioneer of the Morris Plan Banks.

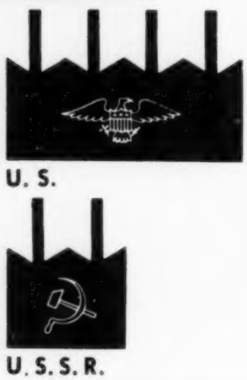
NEW PLANT AND EQUIPMENT expenditures are expected to reach a record total of $37 billion in 1960, slightly above the record high of 1957 and $4.5 billion above the 1959 total. Manufacturing industries foresee an increase of 25 per cent over 1959 expenditures, nonmanufacturing groups a rise of seven per cent. All major industries expect to share in the over-all gain, with the iron and steel group anticipating expenditures fully two-thirds higher than last year.

CHECK-CREDIT and charge plans are being reevaluated by some banks. Franklin National Bank of Long Island, New York, on $4.3 million of credit card charge business, earned one per

MEN AND MACHINES

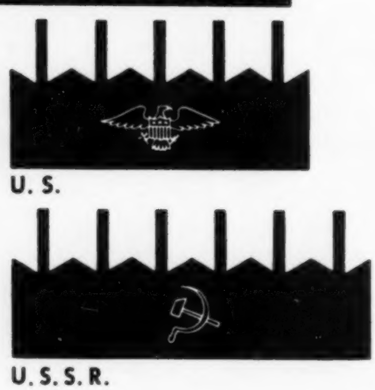
The Battle of Production

WHAT IS NOW



Industrial production in the U. S. is still double that of the U. S. S. R.

WHAT MIGHT BE IN 1970



KHRUSHCHEV'S BOAST to overtake the U. S. in industrial production by 1970 might come true, unless tax laws for depreciation are changed to provide an incentive to modernize equipment and machinery in the same tempo as Russia does. It's a challenge to all Americans, government, labor and industry, since Russia's growth has been much faster than that of the U. S.

cent in 1959. The Continental Illinois National Bank & Trust Company reports it had to reject 55 per cent of its 11,000 applicants who responded to its advertising. Other banks report they are pleased with the operation. The First National Bank of Boston says that its check-credit plan, started in 1955, is operating in the black for the second straight year.

THE HOUSE GOVERNMENT Operations Committee approved H. R. 6263 (Ruess, D.-Wisconsin) to require the President: (1) to hold public hearings before or after price increases which might be inflationary and on wage increases which the firm involved says would be the cause of price increases, and (2) to report regularly on the state of the economy and any corrective devices that may be needed. The bill is pending before the Rules Committee.

WOMEN IN THE UNITED STATES have total earnings of close to $45 billion a year. About 50 per cent of that is spent on their homes, while 25 per cent is spent on themselves. There is emerging a changed woman on the buying scene. Today's woman is better read, better educated, and her horizons are broader. She expects business to serve her richly, fully, and endlessly. She wants specialized products designed for the pocketbook, size, tastes, and needs of her family. She belongs to a generation that grew up with drip-drys, detergents, aerosols, synthetic fibers, frozen foods, and instant mixes.

TODAY, with half of the paycheck of the average working man going for credit purchases, an enormous amount of the business done in the United States goes through the credit sales manager's hands," says Dr. James J. Cribbin, Professor of Management and Industrial Relations at New York University, speaking before the annual meeting of the Credit Bureau of Greater New York. "It is not a question of whether or not you are a manager. Your only choice is whether you will be an effective manager, or a humpty-dumpty doing nothing but going through the motions. You must work with the people you have. Salaries are not always what you would like them to be, working conditions may not be what you want, you have a fair share of the complaints and gripes. What is it you really manage? Are you solely a technician who manages credit, or do you manage people, and through these people, manage the credit?"

ACCORDING TO the National Industrial Conference Board, the average capital invested per production worker during the first half of 1959 was $17,800. The NICB explains that its figure disregards investments in government obligations and securities of other corporations. The National Association of Manufacturers' Research Department places this figure at $19,300.

A CORPORATION may spread itself over half the entire world. It may employ 100,000 men, but the average person will usually form his judgment of the company on the action of a single employee. If the employee is rude or inefficient, it will take a lot of kindness and efficiency to overcome this one bad impression. Every member of an organization thus becomes the most important member of that organization more often than he thinks.

Consumer Instalment Credit, by Holder and Type of Credit

(Estimated amounts outstanding, in millions of dollars)

Type of credit and institution	*Feb. 29, 1960*	*Increase or decrease during:*		
		Feb. 1960	*Feb. 1959*	*Year ended Feb. 29, 1960*
Total	39,408	+ 50	− 4	+5,383
Commercial banks	15,134	+ 68	+ 30	+2,196
Sales finance companies	10,276	+108	− 9	+1,552
Credit unions[1]	3,259	+ 34	+ 24	+ 588
Consumer finance companies[1]	3,795	+ 18	− 3	+ 418
Other financial institutions	1,782	+ 15	+ 18	+ 254
Retail outlets[2]	5,162	−193	− 64	+ 375
Automobile paper	16,677	+109	+ 68	+2,338
Commercial banks	7,371	+ 56	+ 55	+1,078
Sales finance companies	7,342	+ 37	+ 3	+ 948
Other financial institutions	1,374	+ 13	+ 9	+ 231
Automobile dealers	590	+ 3	+ 1	+ 81
Other consumer goods paper	9,997	−132	−106	+1,270
Commercial banks	2,684	− 5	− 29	+ 394
Sales finance companies	1,982	+ 60	− 18	+ 434
Other financial institutions	759	+ 9	+ 6	+ 148
Department stores[3]	2,002	−107	+ 2	+ 195
Furniture stores	1,111	− 21	− 16	+ 32
Household appliance stores	285	− 4	− 5	+ 2
Other retail outlets	1,174	− 64	− 46	+ 65
Repair and modernization loans[4]	2,695	+ 4	− 6	+ 371
Commercial banks	1,928	− 4	− 11	+ 233
Sales finance companies	37	+ 1	0	+ 18
Other financial institutions	730	+ 7	+ 5	+ 120
Personal loans	10,039	+ 69	+ 40	+1,404
Commercial banks	3,151	+ 21	+ 15	+ 491
Sales finance companies	915	+ 10	+ 6	+ 152
Other financial institutions	5,973	+ 38	+ 19	+ 761

[1] Estimates of loans at credit unions and consumer finance companies by type of credit are included with figures for other financial institutions.

[2] Figures by type of retail outlet are shown below under the relevant types of credit.

[3] Includes mail-order houses.

[4] The face amount of outstanding FHA Title I loans at the end of February is reported by the Federal Housing Authority to be $1,809 million, of which an estimated $1,537 million is for consumer purposes and is included in the above.

Consumer Instalment Credit Extended and Repaid, and Changes in Credit Outstanding

(In millions of dollars)

	Total	*Automobile paper*	*Other consumer goods paper*	*Repair and modernization loans*	*Personal loans*
Without seasonal adjustment					
Credit extended					
1960—Feb.	3,723	1,427	934	146	1,216
Jan.	3,534	1,278	976	124	1,156
1959—Feb.	3,290	1,266	860	126	1,038
Credit repaid					
1960—Feb.	3,673	1,318	1,066	142	1,147
Jan.	3,658	1,300	1,090	137	1,131
1959—Feb.	3,294	1,198	966	132	998
Seasonally adjusted*					
Credit extended					
1960—Feb.	4,115	1,560	1,094	175	1,286
Jan.	4,217	1,535	1,208	165	1,309
1959—Feb.	3,857	1,468	1,066	158	1,165
Credit repaid					
1960—Feb.	3,707	1,338	1,046	143	1,180
Jan.	3,824	1,386	1,089	141	1,208
1959—Feb.	3,510	1,290	991	139	1,090
	Changes in outstanding credit, seasonally adjusted[1]				
1960—Feb.	+408	+222	+ 48	+32	+106
Jan.	+393	+149	+119	+24	+101
1959—4th qtr. mo. av.	+392	+151	+ 74	+28	+139
3rd qtr. mo. av.[2]	+511	+214	+121	+33	+143
2nd qtr. mo. av.	+474	+222	+139	+34	+ 79
1st qtr. mo. av.[2]	+369	+175	+ 96	+22	+ 76
1958—4th qtr. mo. av.	+164	+ 34	+ 33	+27	+ 70

[1] Seasonally adjusted changes in outstandings derived by subtracting credit repaid from credit extended.

[2] Changes do not reflect the incorporation of figures for amounts outstanding for Alaska and Hawaii in January and August, respectively.

NOTE: Estimates of instalment credit extended and repaid are based on information from accounting records of retail outlets and financial institutions and include finance, insurance, and other charges covered by the instalment contract. Renewals and refinancing of loans, repurchases or resales of instalment paper, and certain other transactions may increase the amount of both credit extended and credit repaid without adding to the amount of credit outstanding.

* Includes adjustment for differences in trading days.

PROGRESS REPORT #38 - MAY 6, 1960

N.R.C.A.

WILL FIRE A PROJECT *Push* MISSILE INTO THE 50,000 MEMBERSHIP ORBIT AT THE CHICAGO CONFERENCE IN JUNE 1960.

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- Over 2000 NRCA members have become insured under the NRCA Plan.

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Ask for full details of the Plan and application forms by mailing the coupon below today.

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Please send me without obligation detailed information and application forms for the NRCA Group Life Insurance Plan.

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